Daily Report

Latin America

FBIS-LAT-95-095
Wednesday
17 May 1995

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FBIS-LAT-95-095 *17 May 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Guarantor Countries To Evaluate Peruvian-Ecuadoran Conflict *[Madrid EFE]* 1
CDB Annual Report Links Cooperation, Economic Growth *[CANA]* 1

CARIBBEAN

Cuba

Clinton Refuses To Recant Decision To Repatriate Refugees *[Havana Radio]* 3
International Law Expert Addresses Guantanamo Base Issue *[Havana Radio]* 3
Robaina's Emigre Conference, U.S. Accords Remarks *[Havana Radio]* 3
Report on Robaina's News Conference *[Havana Radio]* 4
More on Raul Castro's Politburo Commission Meeting Letter *[Havana Radio]* 6
Alarcon Stresses Importance of Electoral Process *[Havana Radio]* 7
Roundup of Cuban Economic Developments *[PRENSA LATINA, ETC.]* 7

British Virgin Islands

Chief Minister Dies of Apparent Heart Attack 14 May *[CANA]* 7

Haiti

Anti-FRAPH Leader Comments on Constant Arrest in U.S. *[Port-au-Prince Radio]* 8
Cuban Refugees Taken to Port-au-Prince Before Repatriation *[Port-au-Prince Radio]* 8
Cuban Refugees Intercepted at Airport *[Port-au-Prince Radio]* 8
Aristide To Discuss Refugee Issue With Florida Governor *[Port-au-Prince Radio]* 8

MEXICO

Zedillo on Support for Education, Nation's Interests *[NOTIMEX]* 10
EZLN, Government Conclude Talks, Issue Communique *[Mexico City TV]* 10
EZLN: Talks Made Difficult by Lack of Understanding *[Mexico City TV]* 11
Government Secretary on EZLN Talks, Political Reforms *[Mexico City Radio]* 12

CENTRAL AMERICA

El Salvador

Corado Pledges Resources To Fight Organized Crime *[LA PRENSA GRAFICA 14 May]* 13

Guatemala

De Leon Announces Plan To Combat Violence, Kidnapping *[Guatemala City TV]* 13
Widow of Slain U.S. Citizen Welcome To Give Testimony *[Guatemala City TV]* 14

Panama

Perez Balladares Defends Labor Reforms *[Panama City TV]* 14
Unions Urge Government To Reassess Draft Labor Reforms *[LA PRENSA 15 May]* 16

SOUTH AMERICA

Argentina

Cavallo Confirms Economic Model, Denies Devaluation of Peso *[Madrid EFE]* 18
Peronists Carry 10 Governorships, UCR Keeps Control of 4 *[Madrid EFE]* 18
Deputies Victorious in Elections Listed *[TELAM]* 18
More on Deputy Elections *[TELAM]* 20

Bolivia

Armed Forces Pleased Over Return of Social Peace *[HOY 4 May]* 21

Brazil

Economists View Argentine President Menem's Reelection *[AGENCIA ESTADO]* 21
Chamber Passes, Senate Receives Piped Gas Amendment *[Rio de Janeiro TV]* 22
Striking Oil Workers Fired; Resignations To Be Accepted *[Brasilia Radio]* 22

Chile

Economy Minister Explains Negotiations With Mercosur *[Madrid EFE]* 23
Indigenous People Elect Representatives for 1st Time *[Madrid EFE]* 23

Ecuador

President To Receive Medical Treatment in U.S. *[Quito Radio]* 24
Joint Command Issues Bulletin on Border Incidents *[Quito Radio]* 24

Paraguay

Police React To Bomb Threat Against President Wasmosy *[ABC COLOR 16 May]* 24
Administrative Inquiry Looks Into Central Bank Scandal *[ABC COLOR 16 May]* 25

Peru

Legislator Reports Ecuadoran Border Incursion *[Madrid EFE]* 25
Shining Path Leader 'Feliciano' Wounded in Clash *[Madrid EFE]* 26
Armed Forces Deny 'Feliciano' Injured *[Madrid EFE]* 26
Government Studying Exchange of Prisoners With Ecuador *[Madrid EFE]* 26
Rights Group Accuses Ecuador of Arresting Missionaries *[Madrid EFE]* 27
Expectations for Brady Plan Increase Foreign Debt Value *[EL COMERCIO 5 May]* 28

Venezuela

Government Forecasts Smaller Public Debt in 1995 *[EL NACIONAL 15 May]* 28
Oil Unions Decide To Go on Strike *[EL NACIONAL 15 May]* 29

Guarantor Countries To Evaluate Peruvian-Ecuadoran Conflict

PY1605222395 Madrid EFE in Spanish 1758 GMT 16 May 95

[FBIS Translated Text] Brasilia, 16 May (EFE) — The creation and consolidation of a demilitarized zone — as a preliminary step to talks aimed at finding a solution to the border problem between Ecuador and Peru — will be discussed by representatives of the Rio de Janeiro Protocol guarantor countries as of 17 May in Brasilia.

Beside evaluating the development of the peace process and studying reports of diplomatic delegations and the mission of observers, the guarantors will use the meeting to begin a debate on the last point of the "Itamaraty Declaration," which deals with the search for a final solution to the conflict.

Eduardo Farias, adviser to the Americas Department of the Brazilian Foreign Ministry, said today that the meeting of officials of Argentina, Brazil, Chile, and the United States — which make up the guarantors — responds to one of the mechanisms of dialogue and follows-up the process "which is going very well."

Farias said the meeting will also give a special recognition to the Ecuadoran and Peruvian Governments for having thoroughly fulfilled the commitments and deadlines promised in the Brasilia negotiations that concluded on 17 February 1995.

Farias minimized the negative effects of constant charges by the two countries about the nonfulfillment of commitments, and of the violation of human rights and the peace process, as well as sporadic armed clashes.

The important thing for the guarantors is that the pacification program is moving ahead positively and that work is already going ahead on the demilitarization of the zone.

Farias speculated that the meeting will extend the 90-day deadline for the mission of observers to stay in the conflict zone.

Farias added that representatives of Ecuador and Peru will not attend the meeting. He said the guarantors will be represented by the Foreign Ministry officials who participated in this process from its start. They are: Juan Jose Uranga of Argentina; Fernando Reis of Brazil; Fabio Vio of Chile, and Luigi Agnaldi of the United States. Brazilian Deputy Foreign Minister Sebastiao do Rego Barros will coordinate the meeting as of 18 May.

Farias indicated that although the guarantors have not offered to arbitrate in future peace negotiations, they are willing to offer the conditions for continuing the talks toward a solution.

It is expected that the peace process will thus enter a more complicated period because the main point that caused the war between the two Andean countries — an Amazon strip of land without border marks — will be evaluated.

Peru wants to expedite the talks on the conflict among the guarantor countries but this is opposed by Ecuador which considers this forum inappropriate because it supported the 1942 Treaty which Ecuador declared null and impossible to implement.

The Ecuadoran Government still maintains the state of emergency because it mistrusts Peru and fears Peru will try to take by force the territory Ecuador claims.

Meanwhile, Peru believes Ecuador will seek any opportunity to stop the process and to resort to a new forum — maybe the OAS — to resolve the border conflict.

Even though tension prevails and the two governments label the peace agreement "very fragile," political commentators believe there is only a remote possibility of new armed clashes with bloodshed like the recent conflict that left almost 400 dead, wounded, and missing.

In line with the peace agreement, Peru and Ecuador last week completed the separation of forces in the combat zone and are now demobilizing their troops from border regions where there were no clashes.

Ecuador demands from Peru a sovereign outlet to the Amazon River through the Cenepa River, which rises in the Condor mountain range.

CDB Annual Report Links Cooperation, Economic Growth

FL1105224295 Bridgetown CANA in English 1625 GMT 11 May 95

[FBIS Transcribed Text] Bridgetown, Barbados, May 11, CANA — Sustained output growth in the regional economies of the Commonwealth Caribbean will depend on the extent and continuation of economic expansion in their main markets and the level at which the area can take advantage of existing opportunities. These reflections are contained in the annual report of the Caribbean Development Bank (CDB), as it celebrates 25 years of being the premier development financing institution in the region. The report, delivered at the opening session of the Board of Governors meeting in Montego Bay, Jamaica Thursday, also alluded to the benefits which could accrue from intensified regional cooperation.

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"Experience indicates that significant benefits can be derived from cooperation and coordinated action with the region, quite apart from the elimination of internal barriers and the creation of a single market for inputs and products." There was a recognition, the CDB said, of the complexity of the relationships and adjustments involved and required in the integration process which has influenced the pace and direction of the movement. But the "recent trend towards requiring greater economic justification for decision-making and the increasing emphasis on private enterprise will inevitably increase the pressure for the removal of obstacles and the lowering of barriers to intra-regional operations," it added.

The report suggested that greater freedom of movement for resources within the region would increase the efficiency with which they were used. It added that, "... a wider market area and a reduction in the need for administrative processing should contribute to reduced costs and prices while improving both profitability and production opportunities." These opportunities, the report stated, should be sought as well in the expanding global economy. Surveying the economic performance of the 17 Borrowing-Member Countries (BMC's), the bank reported increased rates of expansion in most BMC's, largely due to improved performance in the tourism sector brought on by positivre growth in both North America and Europe.

"Other sectors, though, were responsible for higher output in Trinidad and Tobago (petroleum) and for the maintenance of the high growth rate in Guyana (agriculture and mining)." In terms of real output expansion during 1994, Guyana and Anguilla were the only BMC's with a growth rate above five percent; tourism contributed to this fact in the case of Anguilla. "In most of the other countries, growth rates were between two and 4.5 percent. The number of countries in this category increased from 1993 with the addition of Trinidad and Tobago, Barbados, and Grenada," the CDB report stated. Yet, the Bank noted that the marginal improvement in the region's economic performance was not sufficient to cause significant decline in the general level of unemployment, although in some countries the situation eased and in other there were labour shortages.

"In most countries the state of the public finances remained a critical problem area with low rates of public sector savings limiting the availability of counterpart resources for project financing," said the report. As regards inflation, the report said that with the exception of Guyana and Jamaica, the advances in the consumer price index remained low due to relatively subdued growth in aggregate demand and as a consequence of low inflation rates in the region's main export sources.

Looking at the major productive sectors and their relation to output growth, the CDB estimated that the rise in visitor arrivals and the increased expenditure associated with greater tourism activity were the most important factors contributing to this. But tourism did not enjoy growth in every BMC.

"Tourism sector performance in two major traditional destinations in the northern part of the region, the Bahamas and Jamaica, as measured by visitor arrivals, was weak during the first three quarters of 1994," the review noted. With regard to bananas, the Bank said production and exports from the Windward Islands, based on preliminary data for the first three quarters of 1994, would have declined nearly 20 percent by year end.

"Although prices picked up somewhat during the year, the combination of drought earlier in the year, the September rainstorm, generally lower export earnings, and low morale contributed to the decline." Sugar production in the region rose by 3.5 percent over the 1993 level of 768,000 tonnes. Output increases occurred in Barbados, Belize, Guyana, Jamaica, and Trinidad and Tobago, but there was a six-percent decline occurring in St. Kitts-Nevis.

In the petroleum sector, output increased in Trinidad and Tobago by 10.5 percent and declined in Barbados by 0.3 percent. Bauxite and alumina production in Jamaica increased, benefitting the country's export earnings, and a decline was recorded in Guyana, due in part to competition from other parts of the world. Manufacturing output improved in some countries during 1994, although overall output remained relatively insignificant as a share of GDP "except in those cases where elaboration or preparation for export of the major mineral or agricultural product is classified as manufacturing activity." Activities in the non-tourism services sector expanded significantly during 1994.

"Offshore business registrations in both the financial and non-financial subsectors rose, with a number of the companies registered recording increased levels of activity," noted the report. More important, the bank made the point that "the substantial levels of unemployment in the region created by public sector contraction and facilitated by slow economic growth resulted in the emergence of a range of small-scale services-providing firms. While the focus of these enterprises have remained largely domestic, 1994 saw expansion in the extent to which larger firms have been prepared to subcontract some of their operations and transfer operations risk to these smaller enterprises," the CDB said.

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Cuba

Clinton Refuses To Recant Decision To Repatriate Refugees

FL1705015595 Havana Radio Rebelde Network in Spanish 2300 GMT 16 May 95

[From the "Exclusive" program]

[FBIS Translated Text] White House spokesman Michael McCurry stated today that President Clinton refused to review the policy of repatriating Cubans who illegally try to find refuge in the United States. This statement followed the firm protests that took place in Miami, Florida, by an Extreme Right Cuban exile group. McCurry stated that Clinton knows the Cuban exiles' position regarding his new immigration policy and the agreement signed with the Cuban Government to immediately repatriate all Cubans trying to illegally enter the United States.

McCurry noted the diversity of views in the community, effectively displayed in the poll published by the MIAMI HERALD. This poll indicated surprising support of President Clinton's decision to automatically repatriate rafters, which was announced on 2 May.

The poll, which involved 425 residents of Dade County — where Miami is located — indicated that a vast majority of South Florida residents, including a significant number of Cuban exiles, supports the White House decision to limit illegal immigration.

International Law Expert Addresses Guantanamo Base Issue

FL1705014695 Havana Radio Rebelde Network in Spanish 2300 GMT 16 May 95

[From the "Exclusive" program]

[FBIS Translated Text] Dr. Olga Miranda, vice president of the Cuban International Law Society, hosted a conference today on the Guantanamo Naval Base's historic and legal aspects. This conference is part of the activities preceding the first international scientific conference on the base's illegality, to be held in June.

Dr. Miranda addressed several issues, such as the Cuban people's disapproval of the base from the moment the agreement was signed, and the international voices that have historically supported Cuba in its claim to the territory.

[Begin Miranda recording] The issue of Guantanamo has been addressed by Cuba before international organizations, but without seeking confrontation with the United States. Yet, the military base issue was discussed. Cuba's right to recover and claim that illegally occupied part of its territory has been stressed in all meetings — from summit to ministerial meetings — of nonaligned countries since 1981, up through the last one. [end recording]

Dr. Miranda believes Guantanamo is a clear statement of aggression against the Cuban Revolution. She added:

[Begin Miranda recording] Guantanamo is there to provoke us, to foster confrontation, and additionally, to try to destroy the Cuban Revolution. Yet, we have not allowed this to happen. Cuba and the United States signed the agreement announced on 2 May, and both parties have sought a solution to the explosive Guantanamo topic. This is the right path to follow: talking, denouncing, and discussing. Yet, Guantanamo Naval Base must not be utilized for aggressive purposes. [end recording]

Diplomats accredited in Cuba, lawyers, economists, and the Cuban press attended the conference.

Robaina's Emigre Conference, U.S. Accords Remarks

FL1605160195 Havana Radio Progreso Network in Spanish 1100 GMT 16 May 95

[Passages within quotation marks Robaina recording; from the "First Thing" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has confirmed that the second Nation and Emigre Conference will take place at the Havana Convention Center 3-6 November:

"The first Nation and Emigre Conference, held in April 1994, proved a rise on the path to normalizing relations between Cubans living abroad and their country of origin. Cuba's will to continue and reinforce this process has been evident ever since this conference. Cuba remains subject to outside threats. Many participants in previous meetings have had to take — and still do take — great risks: Recently erected travel and communication barriers and deteriorating relations between Cubans living in Cuba and their relatives living in the United States — where the heart of the emigre community is located — make this difficult. However, last year's advances clearly testify to Cuba's will. Many Cubans worldwide who participated in that meeting share this will. The Cuban Government and nongovernmental organizations will convene the second Nation and Emigre Conference in this spirit. It will serve as a Cuban policy hallmark regarding emigres. The call is made to those living abroad who have respectful and objective views on Cuba. They know that there is an urgent need to defend Cuba's sovereignty and national identity. The conference will give us the chance to discuss, within the framework of the Cuban Constitution, the path covered

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to date and the way to normalize relations between Cuba and its emigres, as well as find solutions to the problems affecting them. I would like to reiterate that normalizing relations between Cuba and the emigres must come through direct and permanent exchange on the aforementioned issues and compliance, in a consequent and reciprocal manner, with the accords that could be reached. The conference will take place in Havana City 3-6 November 1995. The organizing commission will send invitations, bearing in mind the criteria of national organizations and that of the emigres themselves. The conference agenda will soon be issued, and conference results will be publicized. The conference is also a just tribute to Jose Marti's legacy, especially in marking the centennial of Marti's fall in combat."

Robaina held a news conference on this issue after reading this document. Robaina reported that the criteria used to invite participants to the conference are the same used during the first conference:

"The rules of the game have not changed: The rules on convening the conference and normalizing Cuban policies on the emigres followed one year ago have not changed. We said then that hysteria was not welcome. The conditions have not changed: Hysteria will not be welcome. I would say that the hysteria of certain circles is much more aggressive now."

Robaina pointed out that both Cuba and the United States are complying with the migration accord:

"As you all know and as the Cuban Government has noted, the migration accords are being respected and enforced and are advancing. Both Cuba and the United States are not just showing the will to comply with the accords but are actually complying with them. We Cubans have no reason to think that the United States is not willing to continue complying with the accords. The U.S. Government has not been directly implicated in any of the isolated incidents thus far. In any case, there are many things that must be addressed and clarified."

As for the Cuban migrants' position on Cuba, Robaina said that more and more Cubans worldwide are assuming respectful positions and the good sense to hold discussions with Cuba every day. Robaina said:

"The conference is part of a policy which goes beyond pressures for or against the so-called embargo. This is not an embargo but a blockade. It is being reinforced much more than ever before. However, the conference goes beyond simple pressure, meetings, or exchanges with Cubans living in the United States. The conference is part of a much broader policy that seeks to normalize relations with Cuban emigres living abroad, many Cubans who, for many reasons, live all around the world...[pauses] to normalize relations. We hope that the conferences are not the only places where the (?problems) are resolved or broached. I can assure you that we will participate in the forthcoming conference, having done all the things that we had promised to do. Furthermore, not only have we implemented them, but they are in a satisfactory state of development."

Report on Robaina's News Conference

PA1605220495 Havana Radio Havana Cuba in Spanish 0000 GMT 16 May 95

[Report by Barbara Betancourt from the "Evening Information Review" newscast — passages within quotation marks recorded]

[FBIS Translated Text] In Havana, Cuban Foreign Minister Roberto Robaina has reported that The Second Nation and Emigration [Emigracion] Conference will be held in Havana from 3 to 6 November and that, like the previous one, it will be handled through invitations extended by the organizing commission, which will take into consideration the views of local institutions and emigres.

[Robaina] "The First Nation and Emigration Conference, held in April 1994, was a landmark in the process of normalizing relations between the Cubans residing abroad and their home country. Since that time, Cuba has shown willingness to maintain and reinforce this process.

"However, outside threats looming over the country have not diminished in the least. Many of the participants of previous meetings have had and still have to face great risks, aggravated by new obstacles in travel and communications that erode family ties between Cuba and the United States, where the largest segmant of emigration resides."

Last year's progress, however, constitutes undisputable proof of the nation's desire, a desire shared by countless Cubans living everywhere in the world and who to their credit, have heeded the homeland's call."

It is with this spirit and as part of the country's general policy toward emigration that the Cuban Government and nongovernmental organizations have called for The Second Nation and Emigration Conference.

[Robaina] "This call is directed to Cubans residing abroad and who would come to the island cooperatively and respectfully, aware of the urgency to defend their sovereignty and national identity. The Second Conference will provide an opportunity to study jointly, in the Cuban constitution's framework, the progress attained so far, the means and instruments used to normalize the

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relations between the country and its emigres, and the search for solutions of the emigrants' problems.

"I may affirm that normalizing relations between the country and its emigrants demands a direct and permanent exchange of views, dependent on the issues mentioned above and the consistent, and reciprocal fullfillment of commitments to be derived thereof."

In the news conference that followed the announcement, Robaina said that the guidelines applied in the previous meeting will be followed in the preparation of this new meeting.

[Robaina] "We will not give details now because, according to the announcement, we are inviting them to this conference. We will now start a consultation process with a large number of emigrants to establish participation guidelines. The rules of the game, which led us to call for the conference and normalize the Cuban Government's policy toward emigration, have not changed, however. If at that time we said hysteria had not been invited, it is no less true now because the hysteria of certain sectors is now much more aggressive. At present, however, we have no reason to expel participants because we have just started preparations for this conference."

He said that consultations with emigrants will start precisely after the call has been heeded, and not before, as a fellow reporter suggested.

[Robaina] "We have said that it is the Cuban Government and nongovernmental instititutions that have called for the conference. Consequently, we have made all consultations in and not outside the country. Outside the country, we will make consultations regarding the conference's development itself. We will listen to the opinions of guests and to how the Cuban Government or other governments in the world have done their share, whatever is applicable. We have seen no need for making a consultation before issuing the call for the conference."

Robaina also refused to separate the emigrants into moderates and reactionaries.

[Robaina] "Their stance is what defines them. Their stance evidently relates to their opinions on the embargo and intended fresh plans against Cuba, as well as to many of the things that will still be interesting a year from now. If you people, expert reporters, follow the events in the United States, where the largest number of emigres reside; you will see that contradictions are sharper, but not because somebody is moderate or conservative or ultrarightist. I think this will be defined by the position of each person. I think there are more and more Cubans residing in the world whose positions regarding the country are of respect and willingness to discuss things based on common sense.

"In my opinion, this position is defining a new behavior. I believe that we must be extremely careful about what labels we use; because no one ignores that behind certain labels, the same old purposes are hidden under different words. Therefore, labeling is not the most important issue for us.

"The most important issue for us is the position one takes in life. For instance, when one wants to show respect for the country, it is very important to speak against the blockade, it is very important to speak on whether one agrees or disagrees with the [word indistinct] blockade.

"It is very important, regardless of what it is called, to know whether one agrees with the Torricelli law. It is also very important to know what one's opinion is on a new Helms bill.

"It is very important to respect the island's sovereignty. It is very important to respect its independence. It is not merely a categorization of whether a person has this or that leaning. To me, the most important thing about leanings is the attitude one has about life and, right now, the attitude one has toward the nation."

Later, he denied that the conference is being held to pressure the U.S. Government to lift the blockade against Cuba.

[Robaina] "The conference is part of a policy that goes beyond a pressure for or against the embargo, which is not an embargo for us. It is still a blockade, which is now tougher than before.

"However, the conference goes beyond a simple pressure, a simple meeting, and simple exchange with Cubans living in the United States. The conference is part of a much broader policy including taking the relationship between Cuba and its emigres — the many Cubans who live around the world for many reasons — to a normal level.

"We want to normalize this relationship. The conference must not take place to discuss whether this issue is resolved or addressed. I can assure you that we, the Cuban party, will attend the conference brandishing everything we had committed to, not only with what we had complied with or are complying with, but also with its satisfactory development.

"We do not want the conference to simply evaluate what was complied with and what was not. It is not a meeting that is materializing. As an example, I can tell that since the last conference to the present, new

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elements in our policies with the Cuban emigres, who are really different from the emigres who participated in the first or second conference, emerged for the first time, such as the Parliament's public hearings in which Cuban emigres participated.

"We also participated in Afro-Cuban events organized by the ICAP [Cuban Institute of Friendship with Peoples] and the National Yoruba Association. For the first time, representatives and Cubans abroad participated in the World Solidarity Meeting. Several seminars on participative democracy have been held in the countryside, and we are now preparing for the development of the Jose Marti International Conference to be held from 15 to 20 May during the National Culture and Identity Workshop, which is organized by the UNEAC [Cuban Writers and Artists Union] and the Havana University.

"We held meetings with Cubans living in Europe the first half of September, and we are preparing the first meeting of female artists and writers in January 1996. As you realize, this is a group of events, but even these events alone do not constitute the only expression of this policy."

He was also questioned on the likely effects the measures the U.S. President took last summer will have on the participation of emigres living in the United States in this conference.

[Robaina] "I believe that maintaining the prohibitions — prohibitions about which Cuba and Cuban emigres, particularly those living in the United States, have expressed an opinion — adversely affects the normal relationship between Cuba and its emigres. If this is an important part of this process, it will also adversely affect it.

"Anyway, we have no doubts that those Cubans who decide to engage in a serious process of conversations with the country will find solutions, just as they have found the way to participate in and hold the discussions with us despite the limitations and prohibitions, because communications maintained since the previous conference have not been interrupted. Solutions will emerge.

"Anyway, I insist that it is incoherent to maintain such measures with the Cuban party's pollicy to hold this process normally as something entirely clean, clear, flexible, and smooth, which is what we are striving for."

Robaina was clear as he explained why the normalization of the relations between the nation and its emigres must not be seen as the mutual compliance with a number of demands.

[Robaina] "I believe it is important to explain to the international community that it is not now that Cuba decided to normalize its relations with Cuban emigres. For a long time, Cuba has maintained an open policy with Cubans living abroad. This policy, however, has not depended only on the Cuban decision. For a long time, it has depended on the manner in which the Cuban community abroad has been manipulated.

"I believe that all the conditions were created for us to realize, a year ago, that there are Cubans not only in the United States but in other places. There are large Cuban communities in Spain, Venezuela, and Mexico. Last year, twenty something countries participated in the conference. I just met with those to whom I talked in Jordan, the Arab community, the Caribbean, and other places.

"If it is a conference what we are talking about we have said that respect, respect and understanding are the only things missing. We are now meeting to discuss a number of issues that those Cubans living abroad themselves broached. It is impossible to hold talks respectfully while agreeing with the idea of blockade. It is impossible to hold talks respectfully while agreeing with that idea that the island has no right to its self-determination, sovereignty, and independence. That is not respect. This is not understanding; this is not a wise position to take toward their country of origin. There are no requirements; it is a much broader process on which, as I said a year ago, we need to advance amid a process of mutual recognition."

These were excerpts from the news conference Foreign Minister Roberto Robaina held in Havana after making public the call for the second Nation and The Emigrants Conference.

More on Raul Castro's Politburo Commission Meeting Letter

FL1605141895 Havana Radio Rebelde Network in Spanish 1155 GMT 16 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] Ulises Rosales del Toro, division general and Politburo member, led a high-level government delegation on a visit to Bayama Municipality at the end of April. The shortcomings that the 10 working commissions identified were discussed at a meeting over the weekend that Army General Raul Castro was unable to attend due to last-minute complications. Comrade Rosales read Raul's letter to the meeting, which calls for solutions to the social problems that the commissions identified:

[Begin Rosales recording] We must continue to focus on food for the population; therefore, we must quickly tackle the existing difficulties with food production

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and distribution, the welfare of the farming contingent, solving the labor force shortage to ensure the food program, and others. In terms of the sugarcane recovery program, we must study and implement widely the experiences of the Primer Soviet and Carlos Manuel de Cespedes farming cooperatives, which, despite drought conditions, have attained more than 140,000 and 75 arrobas per caballeria. [end recording]

The letter stressed the importance of increasing the local industries' production levels and selling products at prices viable to the majority of the population, as well as becoming aware of the importance of self-employed workers:

[Begin Rosales recording] The production of alternative materials for housing construction, increasing shoe production by local industries, tackling the critical situations of the schools, and the elimination of violations of medical ethics are also top priority tasks we must confront resolutely. We must unite efforts and strengthen ties with the masses to detect in every people's council, every district, the most critical social problems in an effort to provide them with the necessary assistance and to eliminate the difference in attention and distribution of resources between urban and rural areas in the region. [end recording]

The government commission developed a broad program of steps that should be tackled immediately. Ulises added that Granma's long, historic tradition will allow it to overcome these difficulties.

Alarcon Stresses Importance of Electoral Process

FL1605145795 Havana Radio Rebelde Network in Spanish 1155 GMT 16 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] Comrade Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, has placed the utmost importance on social attitudes to ensure that the forthcoming elections are marked with a qualitative leap in the selection of candidates and, thus, their responsiveness to the voters in solving community problems and improving the public's quality of life:

[Begin Alarcon recording] The forthcoming electoral process is important to strengthening our democratic system. It is important that just as we are concerned with problems regarding education, health, or the blockade and the Helms bill, etc., we should also be concerned with the first step: Everyone's participation in the nomination process, in the search for the comrades best suited to represent us. The second step, of course, is to participate in the elections. The third step, which ought to be ongoing, is to work with the comrade who will represent us. He should not be the one acting on our behalf but together with all of us. He must become the steward of the collective will from the base to tackle problems solvable at that level. [end recording]

The progress report and candidate nomination process begin on 18 May. People in the 1,514 districts in Havana, just as all others nationwide, are ready to make sound nominations and select the best.

Roundup of Cuban Economic Developments

PA1605165095

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 16 May.

According to a Havana, 10 May datelined report, Foreign Trade Vice Minister Orlando Guillen has announced that trade between Cuba and the other Caribbean countries, which currently exceeds $150 million, is likely to increase in the near future. He stressed Caribbean businessmen's growing interest in investing in the island, indicating that work is already under way to form economic partnerships in the tourism sector. He said Cuba exports steel, cement, and pharmaceuticals to the Caribbean and imports merchandise that it had previously obtained from Europe and other markets. (Havana PRENSA LATINA in Spanish 1816 GMT 10 May 95)

According to a 10 May, Havana datelined report, North America and Europe are the main markets for Cuban tourism. Tourism Vice Minister Juan Jose Vega has reported that most of the island's tourists come from Canada, Italy, and Spain. He added that in the first quarter of 1995, tourism from Canada increased more than 10 percent; from Italy, approximately 40 percent; and from Spain, 18.2 percent. The number of tourists from Colombia has increased 74 percent in this same period. (Havana PRENSA LATINA in Spanish 1839 GMT 10 May 95)

British Virgin Islands

Chief Minister Dies of Apparent Heart Attack 14 May

FL1505122095 Bridgetown CANA in English 1148 GMT 15 May 95

[FBIS Transcribed Text] Bridgetown, May 15, CANA — British Virgin Islands Chief Minister H. Lavitty Stout died Sunday afternoon of an apparent heart attack, an official statement said. No successor has yet been named. Governor Peter Penfold announced that the

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Executive Council will meet Monday to discuss the political situation, after which an announcement would be made. The British dependent territory's longest serving politician, Stout was its first and only Chief Minister since coming to office in 1967. He never lost his parliamentary seat since then. On February 20, his Virgin Islands Party regained the government in a general election, winning six of the 13 seats in an expanded Legislative Council. Stout was one of the big vote-catchers in the poll.

Haiti

Anti-FRAPH Leader Comments on Constant Arrest in U.S.

PA1605172895 Port-au-Prince Signal FM Radio in French 1030 GMT 15 May 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Now we will hear from the potential opponent [as heard] of Mr. Emmanuel Constant. I am talking about Mr. Ansito Felix, who is leading the Anti-FRAPH [FRAPH, Revolutionary Front for the Promotion and Progress of Haiti] Organization, which had instituted legal proceedings against Emmanuel Constant before the latter fled to the United States. Here is Felix:

[Begin Felix recording, in progress] ...on Wednesday, 10 May in New York of FRAPH leader Emmanuel Constant by agents of the U.S. Immigration Service. The prospects for repatriation implied by this act and the extradition request filed in March by the Haitian Government is an important judicial precedent. It will allow justice to run its course to make up for all the banditry and other acts detrimental to the lives and physical and moral integrity of all supporters of the return to constitutional order in Haiti. These supporters constitute over 70 percent of the population. They chose to express themselves, through the ballot, to bring citizen Jean-Bertrand Aristide to power. The banishment of this constitutional president following a military coup d'etat supported by a fraction of the parliament, which cited Article 149 of the Constitution, had to launch a true manhunt by this national majority. This majority had had enough of the camouflage and hereditary pretensions of the neo-Duvalier order. This majority believed democratic order was possible as early as 16 December 1990 with universal suffrage, the royal path to rescuing constitutional guarantees. [end recording]

Cuban Refugees Taken to Port-au-Prince Before Repatriation

PA1605165895 Port-au-Prince Radio Metropole in French 1600 GMT 15 May 95

[From "The Midday Newscast"]

[FBIS Translated Text] A group of 14 Cuban refugees intercepted at sea were taken to Port-au-Prince last weekend. The Cuban stowaways were turned over to the Haitian Red Cross before being sent back to their country. Furthermore, the U.S. Coast Guard intercepted 23 Cubans near the Florida coast. A woman's body was also discovered on the boat with the individuals, who were trying to immigrate illegally to the United States. The 23 Cubans, including four children, should be repatriated to Cuba under the new U.S. immigration policy that went into effect on 2 May. Since that time, 24 Cubans have been repatriated.

Cuban Refugees Intercepted at Airport

PA1605191495 Port-au-Prince Radio Metropole French 1045 GMT 16 May 95

[From "The Morning Newscast"]

[FBIS Translated Text] A group of Cubans traveling clandestinely were intercepted at Port-au-Prince International Airport while trying to enter the United States illegally with fake documents. It was a group of 14 Cuban nationals who were living in the Dominican Republic. The group was sent back to the Dominican Republic last night and the border door closed to them. The Cubans are in Port-au-Prince again and are in the custody of the Haitian Red Cross.

Aristide To Discuss Refugee Issue With Florida Governor

PA1605224795 Port-au-Prince Radio Metropole in French 1045 GMT 16 May 95

[From "The Morning Newscast"]

[FBIS Translated Excerpt] It should be noted that another item in the news is today's visit to Port-au-Prince by the governor of Florida. Mr. Lawton Chiles is scheduled to arrive in Port-au-Prince this morning to meet President Jean-Bertrand Aristide. He will be accompanied by U.S. General John Sheehan and will visit a military post in Cite Soleil and Ste. Catherine Hospital. [passage omitted]

Here is the reaction of Haitian President Jean-Bertrand Aristide:

[Begin Aristide recording, in Creole] It takes about one and one-half hours to go from Miami to Port-au-Prince. It takes about two hours to go from Miami to

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Washington, therefore, we have a geographic situation that permits us to face a certain number of problems together and to look for solutions (?together), such as the refugee problem. The more economic cooperation there is between Florida and Haiti, the less willing Haitians will be to leave the country as boat people. This has always been part of the open exchange of views between us. I think this will be included in the meeting. [end recording]

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Zedillo on Support for Education, Nation's Interests

PA1605151495 Mexico City NOTIMEX in Spanish 2044 GMT 15 May 95

[FBIS Translated Text] Mexico City, 15 May (NOTIMEX) — President Ernesto Zedillo today urged all Mexicans to ensure that the nation's interests prevail over personal ones in order to overcome difficulties facing the nation and to maintain the course established by law.

"We must work with the discipline and dedication that you (teachers) instruct in your classrooms in order to overcome the difficulties facing the country and the tensions that are inherent to a complex and dynamic society, and to strengthen national unity," he said.

While presiding over the ceremony to mark the 77th anniversary of "Teachers Day," Zedillo committed himself not to allow the crisis and the difficulties of a few months jeopardize achievements and what has been built in "years and decades."

The Mexican president said that despite the economic difficulties education will continue to be a high priority of public expenditure and of government programs.

President Zedillo underscored that Mexico will continue to count on its teachers and "you" can count on the support of the government of the Republic, and the nation can count on the teachers' perseverance and trust in the future.

Less than 24 hours after a decision to increase the salary of teachers throughout the country by 20 percent had been announced, Zedillo said that the last touches for a great national education crusade will be made in upcoming months.

Among other actions, he announced that the education sector will guarantee access to basic education to all school-age Mexicans by the year 2000 because, he recognized:

"Maturely and objectively speaking, we still have much to improve with regard to the quality and scope of primary and secondary school education. We plan to make great efforts to give complete and good basic education to everyone," he added.

Zedillo noted that he will make unprecedented efforts to fight illiteracy and to raise the education level of the adult population, to multiply actions among the indian communities, and to give basic education the importance it deserves.

In the morning Zedillo presented the "Ignacio Manuel Altamirano" medal to 32 teachers for their performance and accomplishments in this area.

EZLN, Government Conclude Talks, Issue Communique

PA1605150895 Mexico City XEW Television Network in Spanish 0430 GMT 16 May 95

[FBIS Translated Text] The second phase of the peace dialogue between the government and the Zapatist National Liberation Army [EZLN] in San Andres Larrainzar has concluded. At the conclusion of today's talks, Jose Narro Cespedez, delegate of the Harmony and Peace Commission [Cocopa], and Miguel Alvarez of the National Mediation Commission [Conai] read a communique.

[Begin recording] [Narro Cespedez] Final Press Communique of the Second San Andres Meeting; issued by the Conai-Cocopa subcommission at 2000 on 15 May 1995.

The delegations of the federal government and the EZLN have concluded the second San Andres Larrainzar meeting. They met from 12 to 15 May and discussed the issues they had previously agreed to address: reciprocal and proportional measures for detente and the establishment of procedures for the basic protocol for an agreement of harmony and peace with justice and dignity.

The delegations reached the following agreements:

Agreement A. Regarding reciprocal and proportional measures for detente, the two parties reached an agreement on detente measures outlined by the federal government and the EZLN.

1. During the meeting, the federal government delegation presented to the EZLN delegation a proposal for an integral, progressive, reciprocal, and verifiable program between the EZLN and the federal government. This program should lead the parties to an agreement of harmony and peace with justice and dignity in Chiapas. The EZLN has committed itself to study seriously this government proposal and to present it for consultations in order to have an answer for the next meeting.

2. During this meeting, the two sides reached an agreement and made new progress on a detente measure that will be tested on a specific case.

3. This measure includes stationing the Mexican Army on a specific area alongside a route to be established by the parties. In that area the EZLN will be responsible for safeguarding order and public security in the framework of the law as well as for compliance with the various commitments arising from the dialogue and negotiations.

4. At the next meeting, the parties will consider proposals on the routes and areas where the detente measure

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can be tested. The parties will discuss procedural details, follow-up and verification mechanisms, security, reporting of incidents, and other matters that should permit the consolidation of this measure. The two sides will discuss progress on detente measures.

[Alvarez] Agreement B. Regarding the procedural rules, the government delegation presented to the EZLN a proposal summarizing and modifying its original proposal. Conai, with the support of Cocopa, will intensify its search to secure proposals from both sides that can be agreed upon at the next meeting.

Agreement C. It was agreed that the next meeting should take place on 7 June at the permanent site for the dialogue and negotiations in San Andres Larrainzar.

Agreement D. The agenda for the next meeting will deal with discussions on and the progress made toward the search for an agreement on the following issues:

1. Procedure rules of the basic protocol for an Agreement of Harmony and Peace with Justice and Dignity.

2. Follow-up on the detente measures agreement.

3. Agreements on communiques.

4. Agreements on security measures.

Agreement E. Since the dialogue and the issues being discussed require Conai and Cocopa to employ all their abilities and make the most suitable suggestions for progress, these two commissions have committed themselves to act in kind so proposals that may be presented as points of agreement can be drafted during the preparations for the forthcoming meeting.

To reach these agreements, the two delegations have affirmed their resolve to advance on the dialogue and negotiations process for a peace with justice and dignity and to intensify the necessary diverse and complex efforts.

Thank you. [end recording]

EZLN: Talks Made Difficult by Lack of Understanding

PA1605162295 Mexico City XEW Television Network in Spanish 0430 GMT 16 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Commander David spoke this evening on behalf of the Zapatist National Liberation Army [EZLN].

[Begin Commander David recording] Good evening to all of you, men and women in this town:

The EZLN delegation deeply thanks all the men and women who came from various places to be part of the security cordon for these talks between the government and the EZLN. We thank the civilian men and women, both nationals and foreigners; the men and women of this town and those who came from other places to cooperate in the search for peace; the nongovernmental organizations; the Mexican Red Cross; and the national and foreign media, which was on top of everything that happened.

We thank them all for their effort and cooperation in the search for a just and honorable peace. Please receive the greetings of the EZLN.

Now we want to discuss briefly the meeting between the federal government and the EZLN. We want to sincerely tell all of you here, the people of Chiapas, of Mexico, and of the world that our talks with the government delegation were very laborious because it has been very difficult for the federal government's delegation to understand us and to understand that our work pace, our ways of thinking, our ways of making decisions, and our ways of understanding are very different from those who have received much training and have a greater ability to understand more quickly.

We have a different pace, a different time, a different timepiece. This is the truth, but it is very difficult for the government to understand this. They think we Indians grasp ideas as quickly as they do. We certainly do not. This does not mean we do not understand or that we cannot understand what is happening and what will happen. We understand clearly, but we have our work styles and work pace. This is what is happening. Seeing how we work, express ourselves, deal with matters, and make decisions, the government is trying to pressure us, to hurry us. It treats us as if we were at its level, as if things were easy. Things are not easy. They are definitely serious. These things have all sorts of repercussions.

The EZLN delegation has made every effort to understand the government's proposals. We have been patient in trying to understand this. That is what has kept us here so far. This patience will continue to help us in every meeting, in every effort: our patience. We ask to be understood. We ask the government delegation to learn how to talk with Indians, to understand that we Indians have our way of understanding.

We will not stop reporting how they are trying to pressure us, to overwhelm us with loads of ideas we find difficult to comprehend. As Zapatists, we have the will to go on. We know that if these talks take a good path, all people will benefit, all Indian and non-Indian peasants, all workers, all Mexican people. That is why we are making this effort, just like you are making

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efforts and sacrifices here to cooperate in the search for a more honorable and just life.

This is what we wanted to tell you at this moment. Other companeros will speak to you now. [end recording]

Commanders Trini, Tacho, David and Zebedeo spoke.

Commander Trini reaffirmed many of the concepts mentioned by Commander David. She said they were returning to their towns for consultations. Commander Tacho said he had secured a formal government proposal, that this time the government had presented its position in writing, which would allow them to analyze it. He said the government had listened to what the EZLN representatives need to make progress, which is why an agreement was reached.

Commander David took the floor again and said something positive had been secured: The government representatives said they are willing to go to their towns to see how they perform the consultations. That is the best way of understanding the ways of the poor, Commander David said. They will be able to see what we eat. Let them accompany us, let the government people and whoever wants to join them come. They are all invited, Commander David said.

Finally, Commander Zebedeo spoke in Tzotzil. This concluded the conference by the EZLN representatives. They will meet again on the 22d. [date as heard]

Government Secretary on EZLN Talks, Political Reforms

PA1705040295 Mexico City Radio ACIR Network in Spanish 0000 GMT 17 May 95

[Report by Ema Gaivan from the "Evening News Panorama" newscast]

[FBIS Translated Text] Government Secretary Esteban Moctezuma Barragan has described the dialogue between the federal government and the EZLN [Zapatist National Liberation Army] as having made good and encouraging headway. Interviewed at the Secretariat, the official responsible for Mexico's domestic policies said work will continue until 7 June to help generate a broader climate of understanding in an effort to continue searching for a fair and lasting peace, just as all Mexicans desire. This is what he said:

[Begin recording] [Unidentified reporter] What can be expected over the next few weeks? [Words indistinct] plans to return to San Andres Larrainzar?

[Moctezuma] To continuing work until that date. Work will not stop, and it will be intense and include the mediation of Cocopa [Harmony and Peace Commission] and Conai [National Mediation Commission]. We want to contribute to an ever-increasing climate of understanding and to continue pushing ahead in these negotiations for peace — a peace that Mexico deserves so badly, a fair and lasting peace. [end recording]

Later, Government Secretary Esteban Moctezuma Barragan called on the Party of the Democratic Revolution [PRD] to return to the negotiating table to discuss political reforms. He said he trusts that all political parties will take part in the dialogue, because this is important in order to boost Mexico's democratic development. To accomplish this, he said, it is vital for all political forces to be present. This is what he said:

[Begin recording] [Reporter] [Words indistinct]

[Moctezuma] What is most important is Mexico, and Mexico comes before anything else.

[Reporter] [Words indistinct]

[Moctezuma] It is a very important foundation, because we already have enough material to work with and arrive at a definitive electoral reform. The agenda preparations required four meetings, and all parties attended all four meetings. Therefore, the agenda has been agreed upon. The last two meetings were those not attended by the PRD, but we trust that all political players and forces will be present to boost Mexico's democratic development. [end recording]

Esteban Moctezuma Barragan also signed an agreement between the Government Secretariat and the UNAM [National Autonomous University of Mexico] dealing with public security.

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El Salvador

Corado Pledges Resources To Fight Organized Crime

PA1705012795 San Salvador LA PRENSA GRAFICA in Spanish 14 May 95 p 7A

[Report by Victor Pino]

[FBIS Translated Text] Defense Minister Humberto Corado Figueroa has pledged to use Armed Forces resources to help fight organized crime. He also ruled out the posibility of any military officer having links with clandestine armed groups. "Armed Forces members are not involved with the clandestine groups that have threatened to execute criminals and judges," Minister Corado affirmed.

The official, who attended the investiture of the new San Salvador archbishop, Fernando Saenz Lacalle, condemned the death threats against judges, adding that spotting the members of groups acting under "the shadow of secrecy" is difficult. Nevertheless, he said he is confident investigations now under way "will bear fruit."

Minister Corado pledged Armed Forces resources to aid in the fight against common and organized crime in an effort to disband what he called "phantom groups."

The Armed Forces and the National Civilian Police (PNC) are carrying out a combined public security operation to protect the country's rural area. This operation is "Operation Guardian." He explained: "We cannot tolerate or allow, from any point of view whatsoever (and while we are aware of it), the fact that members of the Armed Forces belong to these groups. We cannot justify it now, and we never could."

If such a situation arises, the military officer promised to take "drastic" measures against any Army personnel who are involved. He maintained that the investigations conducted so far have showed that no military officers are involved with these groups.

On the same issue, Deputy Public Security Minister Hugo Barrera stressed his willingness to continue to investigate crimes committed against common criminals by illegal armed groups. Barrera also disclosed that a plan to protect judges, as agreed upon with the judicial branch, is already under way.

Clandestine commandos calling themselves "Black Shadow," "The New White Hand," and the "Provisional Anticriminal Executive Command (CEAT)" have threatened criminals and judges accused of corruption.

Guatemala

De Leon Announces Plan To Combat Violence, Kidnapping

PA1705004095 Guatemala City Teleonce Television in Spanish 0345 GMT 16 May 95

[From the "Telepress" newscast]

[FBIS Translated Text] On 15 May, President Ramiro De Leon Carpio admitted there has been a resurgence of violence in the country at a time when progress was being made in stemming violence.

[Begin recording] [De Leon] We are trying to combat this with actions that are in line with the situation — very short-term and immediate actions. Unfortunately, a structural problem is involved here, and this must be understood. Security problems in any country have structural origins, and there is a need to change security structures and strategies, as well as a need to attack the causes of much of this common crime. Also, many of these causes have economic or social roots that cannot be resolved in the immediate future.

Therefore, in this specific case, we are about to start a very special operation dedicated exclusively to kidnappings; it is a special action. I referred to this on another occasion, but I wish to reaffirm it now: We are working with an elite group that will dedicate itself to combating this problem, and there will be other related actions. As you might have noticed, when we carry out emergency operations, kidnappings decrease, but we must have sufficient resources and logistical support to carry out these activities on a permanent basis. Otherwise, the problem of kidnapping returns when the effects of these operations expire.

[Unidentified reporter] There is currently a resurgence of violence. Do you think, as Archbishop Prospero Penados del Barrio said [words indistinct] is involved? Or could this be [words indistinct] of the electoral campaign?

[De Leon] No. I do not know. The truth is that there are so many causes. Honestly, I do not know. I do not know what causes are involved here, but I respect Monsignor Penados del Barrio's opinion. Perhaps he has special information that prompted him to issue this opinion.

[Reporter] There is currently an elite group within the police. Will another group be involved?

[De Leon] No, no, no. We are coordinating work with the police, and we are trying to strengthen strategies and actions that have already been implemented, and this is why we want to determine why we are seeing

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a resurgence at a time when the situation was virtually under control. [end recording]

Widow of Slain U.S. Citizen Welcome To Give Testimony

PA1605224595 Guatemala City Televisiete Television in Spanish 1900 GMT 16 May 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Prosecutor General Ramses Cuestas Gomez has announced that the Public Prosecutor's Office is willing to let the widow of U.S. citizen Michael Devine give her version of events. Several Army soldiers are serving 30-year prison terms for Devine's murder. Meanwhile, the arrest of Captain Hugo Contreras is pending.

Ramses Cuestas added that the testimony Mrs. Devine will provide once she returns to Guatemala will be included in the inquiry being conducted by the Public Prosecutor's Office, because it is necessary to determine, as has been claimed, whether Colonel Julio Alpirez is connected in any way with the death of the U.S. citizen.

Panama

Perez Balladares Defends Labor Reforms

PA1605185795 Panama City Telemetro Television Network in Spanish 2347 GMT 15 May 95

[Speech by Panamanian President Ernesto Perez Balladares during a tour of Chiriqui Province "over the weekend" — recorded; broadcast in progress]

[FBIS Translated Text] There were two possibilities at the beginning of my administration: it was either leaving things as they were, somehow, postponing what I feel is inevitable — a standstill in the end — no new investments, thus, no new jobs and its consequences. Consequences that mean the deterioration of the family unit, driving youths and parents to desperation, to stealing, and to becoming involved in the use and sale of drugs because of a lack of a job and a bright future, or the path that we chose: trying to change the things we have to change through a consensus and an agreement by opening the door to all those who want to dialogue.

We have to make changes so that these youths — on whom the state is investing approximately $540 per individual per year of education and on whom the state is investing approximately 45 percent of its budget in social services — will have the opportunity, at a medium term, to have a good job.

If the solution had been — just as it has been in other years, other decades, and under different circumstances — to make the state provide the jobs by acting as manager and promoter or simply by increasing the size of its bureaucracy; it would probably have been an easier solution, with less confrontations, less disinformation, and less chances for political attacks; but also a less realistic solution and under the world's economic and financial circumstances, an impossible one.

Thus, we opted for what we are currently doing. We are taking the first step, setting an example for those for whom we have to set an example. It is the Panamanian state, through its government, which is taking the steps to reorganize the economic structure.

For this reason, we reorganized Intel [National Telecommunications Institute] after consulting and discussing its reorganization with Intel union members to transform it into a mixed enterprise and permit the participation of private capital. This was done not only to gear it to the top of technological progress but to achieve the efficiency it needs to give service to all those who demand telephone service at a reasonable price. This was the first step.

However, we immediately complemented it with a law that will allow the private sector to generate electric energy, but only as long as it can do it at a cheaper cost — lower than that incurred by state enterprises — and with the state promise to allow this private energy enterprise to join the distribution networks in various kinds of associations.

This scheme also intends to achieve greater efficiency and at least maintain, if not lower, rates which as everyone knows are a basic element for national development.

In the meantime, we are proceeding with much caution, but very decidedly, to make our ports more efficient in cargo handling. As I have said before, how can handling a container in a Panamanian port cost about $600 while it costs only about $150 in a port in one of the countries that competes with us. These costs and surcharges are paid for by all Panamanians. These are the inefficiencies that make additional investments in our country impossible.

Then we went to the famous universalization incentive law as a first step to even conditions among the country's producers. The goal is that big entrepreneurs not receive great advantages while small entrepreneurs receive disadvantages. As I have said before, all of us who can do something that generates one or two jobs is an entrepreneur.

About 65 percent of Panama's industrial labor force works in small businesses with less than five people.

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These businesses with less than five people were precisely the ones that were penalized by the ruinous effects of the incentives accrued over the years. These small businesses had to pay much more taxes than what medium-sized or large entrepreneurs paid when they had an industrial contract with the nation.

A small cabinet maker, with 10 or 15 workers, had to pay 30 percent in import duties — 27 plus 5 percent — 35 percent. Nevertheless, one of the big firms that manufactures furniture, taking advantage of having signed an industrial contract, paid only 3 percent import duty for the same machine. These anomalies are what we want to correct.

I know and we are all aware that we need to strengthen the individual entrepreneurial capacity of small and medium-sized enterprises. We cannot allow incentives, which although were not originally designed that way, turned out to be ruinous and negative. Incentives that rewarded the entrepreneur, for example, for purchasing a machine, while punishing the entrepreneur who employed one or two people.

This law corrects this by making incentives to purchase machinery and create jobs the same for all entrepreneurs. This eliminates the choice solely as to what is most efficient for enterprises that have to compete in an increasingly open market.

Of course, this law also includes the fact that all of us have to pay taxes according to our capability, in order to fulfill state activities and to continue investing about 45 percent of the national budget in social works and continue improving health, education, housing, and roads.

For many, many years there was a group of entrepreneurs with lots of privileges who did not contribute with their fair share toward national development.

And the fourth item of this entire program — which, as you can see, is intertwined in order to achieve a new economic structure on which to build new investment and new jobs — has to do with the flexibilization of the labor market.

I have said in other forums, and I seize this opportunity to reaffirm this in my beloved Chiriqui Province, that a Torrijist — and I consider myself to be a Torrijist as Minister Doens does — would never be able to present a bill against or that undermines the interests and the rights of workers. We would never be able to do such a thing.

A Torrijist, however, cannot remain impassive knowing that we are moving slowly but surely toward the point where we will not find the jobs that these youths will be demanding very soon.

Thus, we called for a dialogue, which had actually been opened before the meeting here in Bambito in December. At the Labor Foundation workers and businessmen, without the formal intervention of our governmemt, have been examining the obstacles for new job creation.

The government gathered those opinions and introduced two topics that in our opinion as government, are important and essential. The issues of employee transfer and the unemployment fund.

Allow me to explain them because they are currently under consideration. With the inclusion of the employee transfer topic we do not seek to undermine the salary of any worker or to denigrate any worker.

In this changing world, in order to save a job that is no longer needed, in an industrial, service, or agricultural operation; because it was or will be replaced, or because there are not enough orders to maintain that job; we want a worker to be transfered to another position at the same level, or promoted to ensure this worker will be able to keep his job instead of being fired. This is the spirit of the employee transfer topic.

And the unemployment fund would eliminate three historical milestones that have been reasons for conflict in the past. I am talking about the three-month period after which a worker is considered to be a permanent worker.

We know that many businessmen here have prevented workers from reaching those three months with the infamous temporary contracts that expire in 89 or 90 days, and then proceed to rehire these workers keeping them from reaching permanent status. This happens mainly in commerce.

The other historical milestone that we want to eliminate as a cause of conflict in labor-management relations is the two-year period after which a worker acquires tenure.

The third one is the 10-year period after which a worker has a right to a seniority compensation payment.

Those historical milestones would be eliminated by carrying them back to the first day of the work relationship, that is, starting on the first day of employment, that worker would have permanence, tenure, and a right to 3.4 weeks of seniority compensation payment for each year of employment. And to remove from the worker's mind the concern of not knowing whether the company will have funds to meet his benefits once a labor-management relationship is terminated, the companies

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would be obligated to create a fund, the famous unemployment fund.

They may create it in a private bank, an insurance company, or in a company authorized by the Securities Directorate of the Commerce and Industries Ministry to be handled as a trusteeship. This would not be state money but businessmens' money at the disposal of workers from the very moment they are entitled to it. And in the specific case of the seniority compensation payment, a worker may use it as a warranty, for example, to obtain the down payment to purchase a house.

It is false, completely false that these proposals undermine the right to unionize, that these proposals undermine, as some irresponsible persons, especially within the student youth movement... [Perez Balladares pauses] It is false that these proposals will deteriorate minimum salaries, it is false that this means, under any circumstances, the elimination of the 13th month bonus.

[FBIS Translated Text] Is there disinformation? Yes, there is much disinformation and now we will begin an organized information campaign. It is not true either that our government has violated the commitments reached in Bambito. First, because under no circumstance can a government cede, and I did not, the right to govern and present proposals to the Legislative Assembly to any group or any class whatsoever.

My government cannot do this because it would imply ignoring the national constitution and the laws of the Republic, and allowing myself and my government in general, to be judged by the Assembly for perpetrating unconstitutional acts.

Thus, the allegations that we ceded to the Labor Foundation the duty of approving and presenting draft bills to the Assembly is also false. Consequently, we have not acted against the spirit or the letter of the commitments reached in Bambito.

Furthermore, I want to use this opportunity to invite the leaders of the workers in the banana area of Puerto Armuelles, as well as the leaders of Suntracs to come to the presidency, where we will resume the dialogue on Monday as of 1500. This dialogue has never been concluded and it is being conducted parallel to the democratic and institutional organization represented by the Legislative Assembly.

Any consultations and discussions linked to this issue should be conducted there, at the Assembly. After eight months, our government has established its position and the document we have presented to the Assembly reflects that position.

The Assembly has the responsibility and I am certain, knowing its leaders, that it will comply with it and will take the consultation as far as it is necessary. I am certain the Assembly will move, as it had planned to do this weekend, to the banana plantations of Puerto Armuelles to hold a meeting with all workers; to consult and heed them, and explain that those points, which some leaders claim are detrimental to them, do not exist.

My attention has been drawn closely to the fact that those leaders have refused to have you, the members of the Assembly, go to their headquarters and demand that the consultation be held in Panama. I get the impression that they are either trying to hide something or that they have obscure intentions.

Friends, we are a government that respects the democratic institutions and is committed to strengthen the institutions of the Panamanian democracy. I reiterate our invitation to all workers and businessmen to approach the two fora that are available to deal with the topics we have discussed. One is the institutional and democratic forum represented by the Legislative Assembly and the other is a parallel and informal forum represented by the Labor Foundation.

I urge you to meditate, not for us but for those youths, for their youthful hopes, for that commitment we adults have to leave behind times of confrontation and pave the way for the new reality of a national and international consensus. [applause]

Unions Urge Government To Reassess Draft Labor Reforms

PA1505182895 Panama City LA PRENSA in Spanish 15 May 95 p 1A

[Report by Manuel Alvarez]

[FBIS Translated Text] Union sources have disclosed that workers opposed to the labor reforms have called on the government to reassess "its mistake" in amending the Labor Code. Meanwhile, those workers who support the proposed reforms will be meeting today, Monday, at the Presidency with representatives from the government and private sector in an attempt to reach an agreement on this sensitive issue.

A group of labor leaders already has reached an agreement with the business sector and government on the labor reform legislation. However, the package of amended proposals forwarded to the National Assembly by President Ernesto Perez Balladares turned out to be so different from the package initially agreed upon that it prompted anger among union leaders, who felt they been "misled."

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During a meeting held yesterday at the National Assembly — a meeting opposition legislators declined to attend — leaders of the 39 organizations opposed to the amendments reiterated their decision to stage a warning strike on 23 May and to call a general strike at a later date if the government insists on reforming the Labor Code.

Jose Morris, leader of the banana workers union, urged the Perez Balladares administration to "reassess its mistake" of reforming the labor legislation.

"If the government decides not to withdraw the draft proposal from the assembly, then conditions will arise for a strike by workers who will have good reason to call a strike," Morris added.

Workers opposed to the amendments dislike those changes affecting areas such as labor mobility, cuts in overtime pay, and other issues, arguing that the draft proposal imposes conditions that represent an attack on job stability.

Construction workers union leader Generao Lopez noted that just because his union decided to take part in the meeting at the National Assembly, it has not changed its decision to take part in the 24-hour work stoppage or general strike.

The 39 organizations opposed to the reforms are urging the goverment to withdraw the draft proposal from the National Assembly, while those union leaders who participated in the Labor Foundation (FT) meeting are also demanding the same. However, the foundation is also demanding the government forward the document approved by the FT to the National Assembly.

Nevertheless, many sectors opposed to the amendments approved by the government also oppose the version approved by the FT.

Antonio Osorio, an adviser for the Union of Chiriqui Land Company Workers (Sitrachilco), noted that because of the watered-down manner in which the amendments are worded, there is no guarantee of labor mobility, which would be left entirely up to employers. For example, workers would be open to dismissal if they express dissatisfaction for any reason whatsoever.

Osorio added that the labor mobility issue is also an attack on unions, given the fact that an employer can unilaterally transfer a union leader from the region in which the workers he represents are located.

"This is merely one example of a number of negative aspects to the reforms," Osorio added, while explaining that labor relations require social justice and harmony.

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Argentina

Cavallo Confirms Economic Model, Denies Devaluation of Peso

PY1605185695 Madrid EFE in Spanish 0642 GMT 16 May 95

[FBIS Translated Excerpt] Buenos Aires, 16 May (EFE) — While stating that a devaluation of the peso "would be pointless," Argentine Economy Minister Domingo Cavallo asserted that in the second presidency of President Carlos Menem — who was reelected on 14 May — "there will be an expansion" of the economy.

Cavallo stressed that "there will be no modifications" in the economic policy furthered by the Menem administration, adding that the support citizens have given to the head of state — who received nearly 50 percent of the vote in the 14 May elections — "is proof that the people are satisfied with this administration."

Menem had no sooner proclaimed his victory in the election than he announced that Cavallo will continue in his position until the end of his tenure in 1999.

The government estimates that following its success at the polls, U.S. investments in Argentina will increase. According to Raul Granillo Ocampo, the Argentine ambassador to the United States, Menem's reelection "did not come as a surprise" to U.S. markets.

Granillo Ocampo indicated that "Menem's reelection was construed as a consolidation of the institutional process and of the economic model" as, he asserted, "all the signals received to that effect are very positive." [passage omitted]

Peronists Carry 10 Governorships, UCR Keeps Control of 4

PY1605184695 Madrid EFE in Spanish 1320 GMT 15 May 95

[FBIS Translated Text] Buenos Aires, 15 May (EFE) — It was reported today that the Justicialist Party (Peronist Party) of Argentine President Carlos Menem — who was reelected for another four years — won 10 of the 14 provincial governorships that were contested in the 14 May general elections.

Despite having suffered the worst electoral defeat in its century-old history, the Radical Civic Union (UCR) headed by former President Raul Alfonsin [1983-89] managed to carry the remaining four governorships.

The results at the polls enabled the Peronists and Radicals to maintain control of the provinces they were ruling.

The Peronists retained control of the governorships of the provinces of Buenos Aires [Eduardo Duhalde], Mendoza [Arturo Lafalla], San Luis [Adolfo Rodriguez Saa], Santiago del Estero [Carlos Juarez], Santa Cruz [Nestor Kirchner], La Rioja [Angel Maza], La Pampa [Ruben Marin], Misiones [Ramon Puerta], Entre Rios [Jorge Busti], and San Juan [Jorge Escobar].

The UCR, for its part, consolidated its control of the provinces of Cordoba [Ramon Mestre], Rio Negro [Pablo Verani], Chubut [Carlos Maestro], and Catamarca [Arnoldo Castillo], and, according to the latest provisional vote count, was about to win the governorships of Mendoza and Misiones from the Peronists.

Elections for the governorships of Formosa, Jujuy, Santa Fe, Chaco, Corrientes, Neuquen, Salta, and Tierra del Fuego are to be held in mid-1995.

Menem's Peronist Party also obtained a majority in the Chamber of Deputies, followed by the UCR, which will continue to be the main opposition party, and the Frepaso [Front for a Country in Solidarity], which consolidated its position as the third major party by doubling its number of seats in Congress.

The ruling party, which renewed 62 of its 122 seats, will now have 135 as of 10 December, when half of the Chamber of Deputies is replenished.

According to the latest available tally, the number of UCR seats in the lower chamber will drop from its current 83 to 69, whereas the Frepaso will see its number of seats increase from 12 to 26.

Menem was voted into office for a second presidency in a direct election after receiving 49.46 percent of the vote as opposed to the 29.63 percent polled by Frepaso's presidential candidate, Jose Bordon. This was the result after the counting of 90 percent of all votes recorded nationwide.

Horacio Massaccesi, the UCR presidential candidate, came out third at the polls with 16.99 percent of the vote — the worst performance in the history of the party since it was founded back in 1891.

Deputies Victorious in Elections Listed

PY1605192395 Buenos Aires TELAM in Spanish 0408 GMT 15 May 95

[FBIS Translated Text] Buenos Aires, 15 May (TELAM) — The following is the list of national deputies elected today, including the constituencies and political parties to which they belong. The new deputies will take their seats in Congress on 10 December. This list is subject to changes recorded in the vote count.

— City of Buenos Aires (12 seats renewed)

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Justicialist Party [PJ]: 1) Eduardo Rollano; 2) Fernando Maurette; and 3) Dolores Dominguez.

Frepaso [Front for a Country in Solidarity]: 1) Alfredo Bravo; 2) Dario Allessandro; 3) Irma Parentella; 4) Nilda Garre; and 5) Marcelo Vensentini.

UCR [Radical Civic Union]: 1) Adalberto Rodriguez Giavarini; 2) Laura Musa; and 3) Marcelo Stubrin.

Ucede [Democratic Center Union]: 1) Alvaro Alsogaray.

(Eduardo Varela-Cid from the Front for Ethical Recovery may gain a seat from the Frepaso upon completion of vote tally)

— Buenos Aires Province (35 seats renewed)

Federal Justicialist Front: 1) Fernando Galmarini; 2) Irma Roy; 3) Lorenzo Pepe; 4) Pascual Rampi; 5) Raul Alvarez Echague; 6) Hilca Ancarani; 7) Eduardo Camano; 8) Juan Carlos Piris; 9) Leticia Bianculli; 10) Cesar Arias; 11) Alfredo Atanasof; 12) Rosa Tulio; 13) Juan Manuel Valcarcel; 14) Juan Carlos Pezzoa; 15) Diana Gutierrez; 16) Juan Carlos Veramendi; 17) Jose Luis Castillo; 18) Elsa Lopez; 19) Hector Lence; 20) Luis Obarrio; 21) Nedda Abella; 22) Santos Smith; and 23) Jose Rocca.

Frepaso: 1) Juan Pablo Cafiero; 2) Maria Sanchez Garcia; 3) Rodolfo Rodil; 4) Juan Carlos Olima; 5) Maria Virginia Goni; and 6) Jorge Rivas.

UCR: 1) Alfredo Allende; 2) Juan Pablo Baylac; 3) Melchor Cruchaga; 4) Maria Banzas de Moreau; 5) Pedro Dufou; and 6) Nestor Saggese.

(Projections make it possible to conclude that Hector Gatti may have won a seventh seat for the Frepaso from the UCR, although the Modin [Movement for Dignity and Independence] hoped that Oscar Zilocchi would be voted in)

— Catamarca Province (two seats renewed)

Civil and Social Front/Frepaso: 1) Mario Fadel

Justicialist Front: 1) Edmundo Soria

— Cordoba Province (nine seats renewed)

PJ: 1) Eduardo Mondino; 2) Esteban Domina; 3) Marta Alarci; and 4) Juan Carlos Maqueda.

UCR: 1) Jose Cafferata Nores; 2) Carlos Becerra; 3) Gloria Gianni; 4) Martin Illia; and 5) Maria Graciela Bercoff.

(As very few votes have so far been tallied, changes cannot be ruled out)

— Corrientes Province (four seats renewed)

Corrientes Autonomist Party-Progressive Democratic Party: 1) Felipe Adaime and 2) Ana Maria Pando.

Justicialist Front: 1) Tomas Pruyas and 2) Alberto Di Filippo.

— Chaco Province (three seats renewed)

PJ-Chubut Popular Movement: 1) Mario Das Neves and 2) Elsa Melogno.

UCR: 1) Fortunato Cambareri.

— Entre Rios Province (four seats renewed)

Entre Rios Justicialist Front: 1) Sara Liponezky de Amavet and 2) Eduardo Golly.

People's Alliance (UCR): 1) Ricardo Laferriere and 2) Celia Pinon Avila.

(The vote count was suspended following charges of alleged irregularities, although projections indicated this result)

— Formosa Province (three seats renewed)

Victory Front: 1) Vicente Joga and 2) Adriana Bortolozzi.

UCR: 1) Arnoldo Carbajal Zieseniss.

— La Pampa Province (two seats renewed)

PJ: 1) Juan Carlos Suarez and 2) Marta Cardoso.

— La Rioja Province (three seats renewed)

PJ: 1) Marta Rivadera and 2) Luis Barrios.

(The third seat was being disputed by Alejandro Buso (Frepaso) and the Justicialist Mario Santander)

— Mendoza Province (five seats renewed)

PJ: 1) Rodolfo Gabrielli and 2) Oscar Sat.

UCR: 1) Raul Vicchi.

Frepaso: 1) Juan Gonzalez Gaviola.

Democratic Party: 1) Gustavo Gutierrez.

(The final vote count may bring about changes, but it is deemed that this will be final distribution of seats for the Chamber of Deputies)

— Misiones Province (four seats renewed)

Frejupo [Justicialist Popular Unity Front]: 1) Migeul Angel Alterach and 2) Liliana Irrazabal.

UCR-MID [Integration and Development Movement]: 1) Ricardo Barrios Arrechea.

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(The fourth seat is to be decided between the Justicialist Miguel Alba Posse and the Radical Maria Pereyra de Montenegro)

Neuquen Province (two seats renewed)

PJ: 1) Carlos Vilche

Neuquen Popular Movement: 1) Alberto Fernandez

— Rio Negro Province (three seats renewed)

UCR-Alliance for Patagonia: 1) Jorge Ocampos

Front for a Change: 1) Carlos Soria.

(The third seat is being disputed between the Radical Nelly Meana and Julio Salto of the PJ)

— Salta Province (four seats renewed)

Justicialist Victory Front: 1) Jose Armando Caro Figueroa and 2) Fernando Zamar.

Renewal Party: 1) Ricardo Gomez Diez and 2) Hector Gardey.

— San Juan Province (three seats renewed)

Frejupo: 1) Jose Luis Gioja and 2) Juan Chica Rodriguez.

San Juan Renewal Crusade-Grand Front: 1) Oscar Gambetta.

— San Luis Province (two seats renewed)

Frejupo: 1) Oraldo Britos.

(The second seat is being contested by Amalia Isequilla from the PJ and Juan Jose Ibarra Laborda from the Frejupo)

— Santa Cruz Province (two seats renewed)

PJ: 1) Sergio Acevedo.

(The second seat is being contested by Hector Di Tulio from the UCR and Lidia Mondelo from the PJ)

— Santa Fe Province (10 seats renewed)

PJ: 1) Jorge Obeid; 2) Luis Rubeo; 3) Maria Mosello de Benzo; and 4) Alfredo Speratti.

Frepaso: 1) Lorenzo Dominguez; 2) Guillermo Estevez Boero; and 3) Elsa Fernandez de Combes.

UCR: 1) Guillermo Aramburu and 2) Edgardo Barberis.

Progressive Democratic Party: 1) Carlos Caballero Martin.

— Santiago del Estero Province (four seats renewed)

Frejupo: 1) Eduardo Avila; 2) Ada Herrera; and 3) Francisco Lopez Bustos.

UCR: 1) Eduardo Abalovich Montesinos.

(The final tally might result in changes in the province's representation in the Chamber of Deputies).

— Tucuman Province (five seats renewed)

Front for Hope: 1) Julio Cesar Diaz Lozano and 2) Alberto Herrera.

Republican Force: 1) Rafael Bulacio.

UCR: 1) Felix Mothe.

Frepaso: 1) Manuel Martinez Zuccardi.

— Tierra del Fuego Province (three seats renewed)

PJ: 1) Ricardo Furlan and 2) Carmen Ibarra.

Tierra del Fuego Popular Movement: 1) Mariano Viaza.

More on Deputy Elections

PY1705025795 Buenos Aires TELAM in Spanish 1952 GMT 16 May 95

[FBIS Translated Excerpt] Buenos Aires, 16 May (TELAM) — After the official vote count for deputies has been taken from more than 96 percent of the ballot stations throughout our country, the UCR [Radical Civic Union] has relegated Frepaso [Front for a Country in Solidarity] to third place, establishing itself as our country's second legislative force.

With the votes counted in over 96 percent of the ballot stations, the UCR has surpassed Frepaso by 191,296 votes, securing four deputies more than the alliance of Jose Bordon and Carlos Alvarez, and guaranteeing the leadership of the opposition in Congress.

According to the latest total count the PJ [Justicialist Party] remains in first place with 57 seats. The PJ received 6,995,385 votes, representing 43.12 percent of the total votes.

The UCR now ranks second, with 24 seats. The UCR received 3,594,304 votes, representing 21.88 percent of the total votes.

Frepaso, which has been displaced to third place, will have 20 new deputies. Frepaso received 3,403,008 votes, representing 20.97 percent of the total votes.

Ucede [Democratic Center Union] ranks fourth with 481,226 votes (2.96 percent of total votes), which permits Alvaro Alsogaray to hold his seat. Ucede, allied with the PJ, secured another seat in Santiago del Estero Province, for Manuel Herrera Arias.

The Progressive Democratic Party also secured a seat. It received 152,976 votes, which represents 0.94 percent of the total votes.

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The Republican Force closes the list of parties that won deputy seats in the 14 May election. The Republican Force received 137,976 votes (0.85 percent of the total votes).

Modin [Movement for Independence and Dignity], headed by Aldo Rico, did not win any seats. It received 269,777 votes, which represents 1.66 percent of total votes. [passage omitted]

Total registered voters:	22,158,612
Voting percentage:	78.39
Total balloting stations:	82,146
Ballot stations counted:	78,964
Percentage of ballot stations counted:	96.12 percent

Bolivia

Armed Forces Pleased Over Return of Social Peace

PY1705020995 La Paz HOY in Spanish 4 May 95 p 2

[FBIS Translated Text] The high military command has said the Armed Forces are pleased with the gradual return of social peace in the country and the release of banished union leaders.

Armed Forces Commander General Reynaldo Caceres Quiroga said: "The time has come to put greater emphasis on solving problems and supporting production from all civilian and military institutions."

Echoing Defense Minister Raul Tovar Pierola, Gen. Caceres praised the agreement reached between the government and the COB [Bolivian Labor Federation] over the return of normalcy and the need to solve social and labor problems through dialogue.

Gen. Caceres said: "The Armed Forces comply with the Constitution and support the return of an environment of peace and tranquility, always bearing in mind that dialogue is the path to good solutions." He confirmed that military troops are gradually returning to their garrisons from the railroad stations and highways where they were deployed during the state of siege.

Following a comment by government Deputy Juan del Granado that there are regulations on banishment, Gen. Caceres explained that banished union leaders and workers were treated in accordance with the regulations prevailing in military garrisons "always respecting human rights."

He added: "There could not be any difference in their treatment because we live in inhospitable places, conducting a mission without the need to be banished." He said all Bolivians should live for a while in different regions of our territory.

Military authorities agreed that relations between the main banished union leaders and the different levels of the Armed Forces improved considerably during the two weeks they were compelled to live under the same environment and conditions.

Defense Minister Raul Tovar said the normal situation prevailing in the country is one of the results of the state of siege.

He said that in the last two weeks, those banished received "better treatment because, within our possibilities, those people deserved to be well- treated and have their rights respected."

Brazil

Economists View Argentine President Menem's Reelection

PY1605213495 Sao Paulo AGENCIA ESTADO in Portuguese 2012 GMT 15 May 95

[Report by Salete Silva]

[FBIS Translated Text] Sao Paulo, 15 May (AE) — Specialists believe the reelection of Argentine President Carlos Menem will change the Latin American political-economic situation for the better, benefiting both Argentina and countries of the region — especially Brazil and Mexico. The only thing beside Menem's reelection that could inspire more tranquility into the economic operators is the maintenance — as already announced — of Economy Minister Domingo Cavallo. Experts believe that Cavallo heading the Economy Ministry, the credibility of the economy and the stabilization plan will rise, with a consequential increase in the volume of investments in Latin America.

"Cavallo is very respected throughout the world for having overcome a very serious crisis," says Alberto Alves Sobrinho, director of Fair Exchange and Securities Brokerage. Former Finance Minister Mailson da Nobrega also received the confirmation that Cavallo would remain as economy minister with great enthusiasm: "Cavallo is known for being a very energetic minister with a great coordination capability."

Menem's reelection will reduce the anxiety in the financial market, said Sobrinho, adding: "Financial agents feared a government change could repel investments and affect the stock exchange." Mailson da Nobrega believes the election of the opposition candidate Jose Octavio Bordon from the Front for a Country in Solidarity

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(Frepaso) could have placed at risk essential points of the stabilization plan like the exchange rate parity. He added: "To fulfill campaign promises — like creating more jobs — the government would have had to adopt an expansionist policy that would have increased expenses and harmed the exchange rate parity."

Silex Trading Company President Roberto Gianetti da Fonseca believes the most important aspect of Menem's reelection is the recovery of the Latin American image abroad. He said: "Argentina, Brazil, and Mexico are regarded abroad as a single unit." Menem's reelection has consolidated the democratic process in Latin America and reduced investment risks. He said: "These countries represent a emerging group that offers great possibilities of profit, with high interest rates and considerable profits in their stock exchanges."

Economist Rubem Almonacid, former University of Sao Paulo (USP) professor and an expert on the Argentine economy, believes only Argentina benefits from Menem's reelection. He said: "Brazil could even lose by it." He added that Argentina will now be more attractive to foreign capital. The Cavallo Plan is older than the Real Plan and Minister Cavallo has greater credibility abroad. He said: "Part of what could be invested here could go to Argentina."

Chamber Passes, Senate Receives Piped Gas Amendment

PY1705020895 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 16 May 95

[FBIS Translated Text] The Chamber of Deputies today approved in a second voting round a constitutional amendment breaking the state monopoly over the distribution of piped gas.

In a crowded plenary session the Chamber of Deputies again approved, by a vote of 373 to 53, the proposal that removes from the Constitution the exclusive right granted to state governments to distribute piped gas. Only the Workers Party bloc abstained.

Only one change was introduced into the amendment approved during the first round. An article that would allow those companies that are currently distributing piped gas to continue to do so was removed from the text.

The main objective of the majority bloc in the Chamber is, however, to pave the way for the privatization of state-owned gas companies, and thus allow private companies to participate in the distribution of piped gas.

This has been the first constitutional amendment to reach the Senate, where the entire process will start anew. Deputy Luis Eduardo Magalhaes, president of the Chamber of Deputies, today said that he will not spare any effort to have the deputies conclude their studies of the economic amendments by 14 June.

[Begin Magalhaes recording] I have to look after the image of the house. I will deduct the salaries of those who fail to attend the sessions. I will do this, and I will make no exceptions. I truly want massive attendance by the deputies. [end recording]

Striking Oil Workers Fired; Resignations To Be Accepted

PY1705023395 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 16 May 95

[FBIS Translated Text] Petrobras [Brazilian Petroleum Corporation] will accept collective resignation requests. The enterprise has already hired 70 professionals to replace the oil workers performing strategic functions.

[Begin recording] [Reporter Luiz Alberto Mendonca] The decision was announced by Mines and Energy Minister Raimundo Britto here at Planalto Palace late this afternoon.

Minister, is there an impasse? What is the government doing to resolve this situation? Until when will the government wait?

[Britto] Look, first I'd rather not believe, or would not like to say, that an impasse is affecting all the parties involved. What we have — if nothing else because we are living in a state of law, in a democracy — is that there is a court decision, and the normal thing is that whoever is involved in the conflict comply with this decision. The decision was made by the Superior Labor Court last week. At the same time it is not the government that is dismissing workers. Since the very beginning, Petrobras — under our orientation — has behaved with full impartiality and also with full firmness. In fact, no stronger measure was adopted before the Superior Labor Court made its decision. Only after the court issued its decision, and upon the expiration of the deadline established by the court, did Petrobras begin to adopt the appropriate measures.

[Unidentified reporter] How many workers have been dismissed so far?

[Britto] So far, 67 workers have been dismissed.

[Reporter] Will they continue, Mr. Minister?

[Britto] We expect the strikers to return to work. This will automatically prevent new dismissals.

[Mendonca] The minister added that Petrobras normally produces 1.38 million barrels per day, and that on the

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14th day of the strike production was at only 300,000 barrels, that is, only 25 percent of production capacity.

Presidential spokesman Sergio Amaral also referred to the strike. He reiterated that the government will not negotiate over the court decision with the oil workers. [end recording]

Britto reported that Petrobras will immediately accept collective resignation requests.

Chile

Economy Minister Explains Negotiations With Mercosur

PY1605220795 Madrid EFE in Spanish 2231 GMT 13 May 95

[FBIS Translated Text] Santiago, 12 May (EFE) — Chilean Economy Minister Alvaro Garcia stated today that by the end of June Chile and the Common Market of the South (Mercosur) will exchange lists of sensitive and exceptional products upon which they will begin the stage of free trade negotiations.

Garcia, who returned today from an official visit to Brazil, said that Brazil promised to call to a meeting on 21 and 22 May to establish the lists of products Mercosur will submit to Chile.

Since October 1994, Chile has been negotiating with Argentina, Brazil, Paraguay, and Uruguay an association to establish a common free trade zone within 10 years.

The economy minister also referred to the tariff preferences Chile has established with Mercosur countries, which are due on 30 June according to provisions of the integration agreement.

Garcia said that if negotiations between Chile and Mercosur go beyond the critical date, there will be an extension.

He added that Chile and Mercosur fully agree that the exchange of goods which enjoy preferences should not be harmed, that they are considered basic "historical patrimony" of free trade.

According to the Chilean Foreign Ministry, about 45 percent of Chilean exports to Mercosur enter with tariff reductions.

Argentina, Brazil, Paraguay, and Uruguay receive 41 percent of Chilean exports of manufactured products, 74 percent of which at preferential tariff rates.

In 1994, according to Central Bank figures, Chilean exports to the four Mercosur countries totaled $1.352 billion.

Garcia said he expects the list of exceptional products in the agreement will be "as small as possible."

Association with Mercosur would include three lists of partial tax exemptions and one list of exceptions.

Indigenous People Elect Representatives for 1st Time

PY1705021795 Madrid EFE in Spanish 2057 GMT 14 May 95

[FBIS Translated Text] Santiago, 14 May (EFE) — For the first time ever, 1.5 million Chilean indigenous people directly elected their representatives to the National Corporation for Indigenous Development (Conadi) in an electoral process on 13 May in several regions of the country.

Conadi leaders reported on 14 May that in spite of some organizational problems, the electoral process developed normally.

Those of indigenous descent, older than 18, who had registered in the legally constituted communities and associations participated in these elections.

The results of these elections will be given to municipal officials of each region by 15 May.

The overall Chilean indigenous population is estimated at 1.5 million, of which approximately 1 million are Mapuches, the great majority of which live in Temuco, 673 km south of Santiago, and in the metropolitan region.

The Aymaras, who are concentrated in the northern part of the country, as well as those of Polynesian origin who live on Easter Island, also voted in these elections.

Those who voted were called to renew the eight members of Conadi, which depends on the Planning Ministry.

Eight lists each of three candidates will now be submitted by the Planning Ministry to Chilean President Eduardo Frei, who will designate the councilmen who will be installed on 20 June.

Conadi was created early in 1994 following the approval of the new Indigenous Peoples Law. Since then it has remained under the Planning Ministry.

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Ecuador

President To Receive Medical Treatment in U.S.

PA1705003995 Quito Voz de los Andes in Spanish 2300 GMT 16 May 95

[Report by Edwin Chamorro from "The Voz Andes Newscast"]

[FBIS Translated Text] The Presidential Palace Press Secretariat has released Press Bulletin No. 10, reporting that President Sixto Duran-Ballen will fly to Washington, the United States, on Wednesday [17 May] for medical tests as a follow-up to tests he recently underwent at Quito Military Hospital. According to the press bulletin, the president made the decision to travel after test results were assessed this afternoon.

After tests showed he had inflamed nerves in his right leg — a condition that is causing constant pain and is preventing a speedy recovery — his physicians concluded that more detailed studies were needed to prescribe an appropriate treatment. They also recommended that the specialists who took part in the president's last operation examine him.

The length of the president's stay at Sibley Memorial Hospital in Washington will be determined once the results of the tests he must undergo are known. The president will leave for the United States at 0800 on Wednesday from Quito Air Base.

Joint Command Issues Bulletin on Border Incidents

PA1605193295 Quito Voz de los Andes in Spanish 1700 GMT 16 May 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] An official bulletin from the Armed Forces Joint Command states:

The latest incidents provoked by Peruvian troops last week are a source of concern for the Ecuadoran Armed Forces. The incidents are a result of Peru's failure to withdraw forces from its Soldado Chiqueiza Detachment, counterpart of the Ecuadoran forces in the Teniente Hugo Ortiz Detachment.

The incidents were immediately reported to the Ecuador-Peru Multinational Observation Mission so the guarantor countries could adopt measures to control and prevent them.

Regarding the mobilization process, our country is strictly complying with the program established by observers from the guarantor countries.

Third [as heard], Ecuador ratifies its resolve to continue searching for a solution to the problem through dialogue. It has demonstrated this position but rejects Peru's intention to groundlessly give Ecuador the image of aggressor country. We will remain on alert to prevent any attempt to violate Ecuador's sovereignty.

Paraguay

Police React To Bomb Threat Against President Wasmosy

PY1605172395 Asuncion ABC COLOR in Spanish 16 May 95 p 7

[FBIS Translated Text] The National Police were confined to barracks for 24 hours as the result of a report to the police on 14 May warning of an attack on the life of President Juan Carlos Wasmosy. According to the report, the assailants would use an ambulance filled with explosives during the Independence Day celebrations.

Alfredo Ferreira, 26, reported that on 5 May a man called Wilson [not further identified] visited him at his home, located on Gaspar Rodriguez de Francia and Chile streets, to warn him of an attack on his life and the life of the president of the Republic.

Ferreira said that the alleged persecution against him started between 1990 and 1991, during a period in which he worked for Lebanese citizens in Ciudad del Este. Ferreira further noted that he also worked for the Parana Country and Golf Club, in Alto Parana Department.

Ferreira said that during that period he had an affair with a female photographer, without giving details of her identity or nationality. Ferreira said one day he was curious and looked into the woman's bag, where he found a videotape.

Ferreira said he was eager to see what the video contained, adding that when he watched it he found that the video included clips on attacks, the destruction of buildings, and subversive propaganda. He said that he then grew fearful and fled to the capital.

Ferreira said that he has received many threats since then. The situation deteriorated on 5 May, when a man called Wilson came to his house and warned him, through his sister — because at the time he was in the bathroom — that there was going to be an attack against him and against the president of the Republic during the 14 May parade. Investigative police agents are carrying out an investigation. Police sources said that Judge Atilio Rodriguez and President Wasmosy were informed of the report. Yesterday the guard around the president was unusually strong to prevent any surprises.

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Administrative Inquiry Looks Into Central Bank Scandal

PY1705030195 Asuncion ABC COLOR in Spanish 16 May 95 p 2

[FBIS Translated Text] The conclusions of a report by BCP [Paraguayan Central Bank] Inquiry Judge Blanca Ramirez mentions accomplices and accessories within the BCP who helped Gustavo Adolfo Becker Torres — the main person indicted in the scandal — to evade security measures and to carry out a multimillion dollar fraud that is now being investigated. The report then suggests that some individuals are not included in the criminal trial because of some "influence" that has given them immunity.

There are other elements that add to the suspicions — like Criminal Judge Carlos Monges' decision to suspend the extent or the implementation of administrative inquiry sanctions (does the judge have any jurisdiction in the administrative field?) on the premise that the court does not want to hinder the legal investigation. Another element is the existence of a BCP board of directors resolution — curiously dated only a few days before the scandal broke out — establishing "an increase in treasury controls," based on recommendations by the internal auditing authority following the 10 April 1995 audit which — had it been implemented in time — have avoided or hindered the criminal activities now being investigated.

The resolution — identified as Number One and made official through Act 60 of 17 April 1995 — mentions in the prologue that the proposal is based on a report called "Plan of Action to Improve the Treasury Internal Control System" formulated by a commission created at the orders of the BCP presidency on 29 March 1995 for implementation within the treasury. It is worth noting that the scandalous fraud was detected on 24 April following a partial and surprise cashing up of what was in the vault. On 25 April, Deputy Luis Alberto Mauro denounced the fraud to the CBI [Congressional Investigating Committee on Illegal Activities].

The resolution's preamble puts the finger "right where it hurts" and recommends measures to prevent thefts like the one officially discovered a few days later. The document then stresses, in a curious prediction: "This plan must be implemented, applying the proposed corrective measures particularly to operations that involve deposits, reception, delivery, and the registration of assets in that department (Treasury)."

Article 3 of the document's operative part establishes: "To order the Bank Superintendency and the internal auditing management department to more frequently conduct general and surprise cashing ups of all bills, coins, and other assets and to follow up and control the documents mentioned in treasury accountings."

Had these measures been implemented on time, they may have discouraged Becker and his accomplices and accessories from carrying out their plans.

Yet the precision of the measures being recommended seems to indicate they were the consequence of a fait accompli, that is, that the fraud was discovered long ago and that officials were taking measures to minimize its effect or to recover the funds extracted from the vault. This possibility is in line with comments — albeit anonymous — to a local radio station by a person who identified himself as a BCP employee who was acquainted with treasury proceedings and who said the amount missing from the vault is a lot larger than what was being mentioned and involved Colorado Party leaders who took money and left IOU's in the vault.

We can deduct from the previous paragraph that Becker dared "to put his hands in the till" because he discovered that the hole was very large and that many big shots were involved, which would have guaranteed impunity if the fraud was discovered.

Peru

Legislator Reports Ecuadoran Border Incursion

PY1505211395 Madrid EFE in Spanish 0236 GMT 15 May 95

[FBIS Translated Text] Lima, 14 May (EFE) — In a statement he made to the Peruvian news agency ANDINA, Legislator Carlos Torres today said that last week Ecuadoran military forces perpetrated two attacks on the Checheiza watch post.

Torres did not specify the exact date of the second attack, which was perpetrated after the attack on 9 May. According to the Peruvian high military command, one Peruvian soldier was killed in the 9 May attack.

The former Peruvian foreign minister said that the second Ecuadoran incursion occurred "several kilometers inside Peruvian territory." Torres added that the Peruvian Army immediately recovered the area "in a swift military operation similar to the one conducted on 9 May."

The ANDINA news agency reports that Torres added that this attack "shows Ecuador's clearly belligerent attitude of not acknowledging the Rio de Janeiro treaty."

Peru believes that the 1942 Rio de Janeiro Protocol, of which Argentina, Brazil, Chile, and the United States are guarantor countries and which establishes the Peruvian-Ecuadoran borders, is a perfect document that definitely

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settled the border disputes, while Ecuador believes it cannot be implemented.

On 9 May the Sixth Peruvian Military Region reported that an Ecuadoran patrol had "infiltrated" Peruvian territory and attacked the Checheiza watch post. It added that this attack was "immediately repelled with rifle shots by Peruvian troops."

It added that Peruvian Soldier Wilmer Sanchez Gacho was killed in the attack.

Shining Path Leader 'Feliciano' Wounded in Clash

PY1505213495 Madrid EFE in Spanish
1920 GMT 15 May 95

[FBIS Translated Text] Lima, 15 May (EFE) — According to a military source, Alberto Ramirez Duran, also known as "Comrade Feliciano," who is the main leader of the Shining Path, was wounded in an armed clash in Ayacucho today in which 20 Shining Path members were killed.

The source said that seven soldiers were also wounded, five of them seriously.

According to the same source, the armed clash occurred in the settlement of Duranmarca, Vilcashuaman Province, where a Shining Path column made up of 150 members was operating.

An Army unit took the Shining Path column by surprise at 0400, when most of them were sleeping.

The source added that "Feliciano" was wounded in one leg, but his men were able to rescue him and prevent his capture.

According to the military version, Ramirez Duran, who for years has been limping on his left leg, was wounded on the right leg.

Ramirez Duran is being pursued by a special Army unit that was mobilized as soon as it was learned that he had been wounded in Vilcashauman.

The source said: "The special Army unit must be by now about 1 to 2 km from the Shining Path column. It is therefore probable that in a few hours 'Feliciano' will be captured either alive or dead."

The Peruvian security forces have been on "maximum alert" since 13 May, because 17 May is the 15th anniversary of when the Shining Path "began its armed struggle."

The government has been after Ramirez Duran since 1992, when he took over the Shining Path leadership after its highest chief Abimael Guzman and his main aides were captured.

Armed Forces Deny 'Feliciano' Injured

PY1605160695 Madrid EFE in Spanish
0504 GMT 16 May 95

[FBIS Translated Text] Lima, 16 May (EFE) — Brigadier General Raul Suarez Freitas, Armed Forces Joint Command Information Department director, has denied that Shining Path [SL] leader Oscar Ramirez Durand, (aka) "Comrade Feliciano," has been wounded in a clash with Army troops.

According to the Peruvian news agency ANDINA, Suarez Freitas has informed ANSA that "this is a false report disseminated by a prankster." He added that as of yesterday afternoon, the Armed Forces had not received any reports about a clash.

According to the ANDINA report, the ANSA cable adds: "It seems that a foreign news agency received a telephone call from a person who identified himself as an Army officer. This name is not included, however, among those who work at the Armed Forces Joint Command."

Quoting a military source, the EFE news agency had reported that an armed clash had taken place in Duranmarca, a town located in Vilcashuaman Province, Ayacucho Department, where a SL column of about 150 had gathered.

The military source quoted by EFE stated that "Feliciano sustained a bullet wound in one leg, but that he was rescued before he could be captured."

Peruvian Army elite forces have been after "Feliciano" since 1992, when he assumed the SL leadership after the arrest of SL leader Abimael Guzman, who has been serving a life sentence at the Callao naval base since October 1994.

Government Studying Exchange of Prisoners With Ecuador

PY1605175095 Madrid EFE in Spanish
0055 GMT 13 May 95

[FBIS Translated Text] Lima, 12 May (EFE) — Efrain Goldenberg, the Peruvian foreign and prime minister, today said that the Peruvian Government is assessing the Ecuadoran proposal to exchange prisoners detained during the recent bilateral conflict.

In a statement to the press, Goldenberg said that the issue is being discussed "at the highest levels," and that he hopes a decision will be adopted "very soon."

On 10 May, the Peruvian military court sentenced Ecuadoran reservists Jose Felix Yaguaje and Victor

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Yanguy Machado to 18 years' imprisonment on charges of espionage.

Reports from Quito state today that Ecuadoran military officials presented to the press five alleged Peruvian spies who will be tried next week by a War Council.

Goldenberg stated that there are 23 Peruvians detained in Ecuador, 12 civilians whose place of detention is known, nine whose place of detention is not known, and two soldiers who "have reportedly been taken to the other side of the border in the past few days."

He added that Ecuador only acknowledges having arrested 12 civilians and two soldiers.

Goldenberg described as "minor" the recent incident in which a Peruvian soldier was killed at the Peruvian watch post in Checheiza, which, according to Peruvian military sources, was attacked by an Ecuadoran patrol.

Peru and Ecuador were involved in an armed conflict from 26 January to 28 February. A mission of observers from guarantor countries (Argentina, Brazil, Chile, and the United States) is currently overseeing a troop demobilization process in the border region where the conflict took place.

Rights Group Accuses Ecuador of Arresting Missionaries

PY1605180995 Madrid EFE in Spanish 1706 GMT 14 May 95

[FBIS Translated Text] Lima, 14 May (EFE) — According to the Peruvian Human Rights Association [Aprodeh], the five Peruvians presented as spies in Ecuador, who will be tried by a War Council, are four missionaries and one university student.

Aprodeh states that the Peruvians charged with espionage are Jose Manuel Timan Sandoval, Edgard Johnny Seminario Covenas, Jorge Antonio Maza Salinas, Jose Rojano Gonzalez Alarcon, and Percy Chavarria Leiva. The first three are Catholic missionaries, the fourth is an Evangelist Church pastor, and Chavarria is an accounting student at Machala University.

The five Peruvians were arrested on 20 and 30 January in light of the Peruvian-Ecuadoran conflict in the Condor mountain range region. The conflict lasted from 26 January to 28 February 1995.

Ecuadoran military authorities presented the five Peruvians to the press on 12 May and charged them with espionage. In view of this, they will be tried by a War Council next week.

The Peruvians were presented to the press in Cuenca, where they are being subjected to pretrial proceedigs that, according to reports from Quito, must end on 15 or 16 May.

Reports from Quito also state that the establishment of the War Council was announced on 10 May, hours after it was reported in Ecuador that Ecuadoran reservists Jose Felix Yaguaje and Victor Yanguy Machado had been found guilty and sentenced to 18 years in jail in Peru.

Aprodeh informed the Peruvian press that it has documents and witnesses proving the pastoral activities of the four missionaries in Peru and Ecuador and also Chavarria's university student status. Chavarria is married to an Ecuadoran.

In addition, it adds that none of these persons, whose ages range from 22 to 31 years, have any police record or been involved in any espionage activities, as has been charged by the Ecuadoreans.

According to Aprodeh, the three Catholic missionaries, who have been working as catechists for one year in Puerto Cayo, Manabi Province, traveled to Ecuador in response to a call made by Father Gaudet, a U.S. priest, from the Santiago Apostolic Missionary Society.

Aprodeh states that a group of soldiers and people wearing civilian clothing and said to belong to the Ecuadoran information services arrested the Catholic missionaries on 29 January when they were working in the Puerto Cayo parish vegetable garden.

The missionaries were detained at a military prison on charges of espionage.

During the War Council trial to be held in Ecuador, the five arrested Peruvians will be represented by a counsel appointed by the court.

Aprodeh added that it has sent reports on the current situation of the five Peruvians arrested on charges of espionage to diverse international human rights organizations.

Peruvian Foreign Minister Efrain Goldenberg reported on 12 May that 23 Peruvians are being detained in several Ecuadoran towns as a result of the recent conflict.

Goldenberg said that the whereabouts of 12 civilians who were arrested is known, but that the whereabouts of nine other civilians is not known, nor is there information on the whereabouts of two soldiers "who were reportedly taken to the other side of the border in the last few days."

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Expectations for Brady Plan Increase Foreign Debt Value

PY1705014495 Lima EL COMERCIO in Spanish 5 May 95 p E1

[FBIS Translated Text] Important U.S. investment banks are recommending foreign investors to acquire titles of the Peruvian foreign debt contracted with commercial banks because they feel that in the medium term these titles will be negotiated at levels higher than the current 62 percent of its nominal or face value.

According to experts consulted by EL COMERCIO, this is a sign that the international market has favorable expectations of the agreement between Peru and the commercial banks through the Brady Plan, but they added that this agreement should be accelerated because of secondary market expectations, which for Peru could perhaps jeopardize the favorable achievements of this agreement.

Peruvian foreign debt titles are currently being negotiated on the New York secondary market at a purchase value of 55 percent and at a sale value of 58 percent of their face value. This increasing trend has been noticed over the past few months.

Following the presidential elections, debt titles closed at 50 percent of purchase value and 51 percent of sale value. This shows considerable increase over, for instance, 9 March when their purchase value was 40 percent and the sale value was 41 percent as a result of the conflict with Ecuador.

As it is known, the team negotiating the Peruvian foreign debt, led by Economy Minister Jorge Camet, will meet within the next few weeks with the Steering Committee of the Creditor Banks, led by Citibank. The objective: To begin negotiations for the possible use of the Brady Plan that will permit a reduction of the Peruvian debt.

Consulted experts agree that Peru has sufficient possibilities to reach a good agreement with the creditor commercial banks.

Lorenzo Sousa, president of the Peruval Stockbroker Company, said the estimate by the international investment banks concerning the future price of "Peru Citi" titles is based on a number of factors.

He said these factors are; a progressive strengthening of the Peruvian economy; continued economic and structural reforms by the government; and prospects that Peru will join the Brady Plan with the creditor commercial banks by the second half of this year.

He added that despite this favorable panorama, there are several elements that could affect Peru's capacity to pay. He specifically referred to the increased deficit in the current account balance due to increased imports of consumption goods.

He explained that the deficit increase could mean a deterioration of the payment capacity by the end of this year and during 1996.

Miguel Palomino, general manager for Peru of the Smith & New Court Investment Bank, said the increased value of Peruvian debt titles is attractive provided the Brady Plan negotiations are successful and provided the agreement is reached next year at the latest.

He added that the most favorable scenario for the country is that the creditor banks reduce not only the principal but also the interest in the same proportion. He added that the reduction of the debt must be estimated at the current net value so that the amount of the debt will be reduced considerably.

Adolfo Zuloeta, foreign debt manager of Prisma Investments and Finances, said the recommendations by some investment banks for the purchase of the Peruvian foreign debt titles could force the government to speed up talks with creditor banks on the Brady Plan.

He added, however, that Peru may reach an agreement with the commercial banks through which 45 percent of the principal will be reduced, and that a discount of between 20 and 30 percent may be achieved in the interests.

Venezuela

Government Forecasts Smaller Public Debt in 1995

PA1705043895 Caracas EL NACIONAL in Spanish 15 May 95 p E-1

[Report by Telmo Almada]

[FBIS Translated Text] According to Executive Branch experts, the deficit forecast for the public sector for 1995 will not be 8 percent of GDP, as originally predicted a few months earlier, but will instead finish out the year at around 6 percent of GDP.

In nominal terms, the deficit represents about 720 billion bolivares, according to conservative estimates. At the beginning of the year, the Executive Branch had estimated a deficit of more than 1 trillion bolivares.

According to the experts, the deficit forecast was lowered because "the fiscal buget cannot be fully executed" because of a decline in certain sources of financing that had been taken into account when the public sector's balance of income and expenses was initially estimated. The decline in revenues is primarly

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being prompted by lower than expected privatization income. The Executive Branch now admits that the 250 billion bolivares it had originally projected for the year will not be forthcoming.

In the event that the government also manages to reduce ministry expenses to about 300 billion bolivares, as Finance Minister Luis Raul Matos Azocar has ordered, "the goal of reducing the deficit to 3 percent of GDP can be achieved," according the experts.

Nevertheless, the government must not fall into the temptation of trying to wipe out the deficit completely, because the promise "will not be credible among the various economic sectors, and, anyway, all countries manage their economies with a reasonable fiscal deficit index." Also, an aggressive plan to balance the budget could deepen recessive pressure, which would prove counterproductive.

The "attainable" goal, according to the spokesmen, of a 3-percent deficit, "is perfectly manageable for the Venezuelan economy, which can absorb this deficit by issuing public debt instruments within the domestic market."

The hope of reducing the fiscal deficit over the next few months is based primarily on positive results shown by Seniat [National Integrated Service for Tax Administration] in its preliminary tax collection figures.

Oil Unions Decide To Go on Strike

PA1605140895 Caracas EL NACIONAL in Spanish 15 May 95 p 1D

[Report by Alonso Zambrano]

[FBIS Translated Text] Maracaibo — After intense negotiations conducted in the morning in Caracas, and in the afternoon and late evening in the eastern shore of Maracaibo Lake, in which the industry and union federations foresaw an agreement to suspend the oil strike, the strike was confirmed by union organizations.

This action followed the government's rejection of the counteroffer to change salary compensation for a linear salary increase, which would affect all employment contracts.

Last night, the Conflict Command [Comando de Conflicto] appointed the commissions to stop activities in the industrial areas of Lagoven and Maraven throughout Zulia State starting today at 0500.

The National Guard also ordered control operations in the oil areas to prevent production of crude from coming to a halt, while subsidiaries of Petroven [Venezuelan Petroleum, Inc] activated their contingency plans.

There was tension at the beginning when the government, according to union members, admitted that Petroven's labor union is not part of the "universe of public employees."

After 1900 on Sunday, Pedro Parada, secretary general of the Union of Oil Workers in Lagunillas (STPL), referred to some of the conditions being introduced to the discussion, among which he emphasized the union counteroffer to change the idea of a salary compensation for that of a linear salary increase.

Parada stated that a document had been signed by the president of Petroven; the ministers of energy and mines, and of labor; the president of Fedepetrol [Federation of Oil Workers]; and the representatives of Maraven, Lagoven, Pequiven and Coporven; authorized by President Rafael Caldera to implement the Law on the Exploitation and Marketing of Crude. This law stipulates in Article 8 that under no circumstances will oil workers be considered public workers.

The abrogation of the labor norms stipulated in the Labor Law was also approved in favor of oil workers.

In the third point — salary compensation without enforcing Decree 617 — workers proposed that they be granted a salary increase that has an effect on their benefits and all earnings [gananciales], in keeping with the Labor Law and the Collective Contract signed with Petroven.

This point was discussed by all parties well into the night. The union leaders stated that if accepted, the oil workers would forget the bonus stipulated in Decree 617 published in the OFFICIAL GAZETTE 35.965, of 11 April 1995, which they believe does not benefit them at all.

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